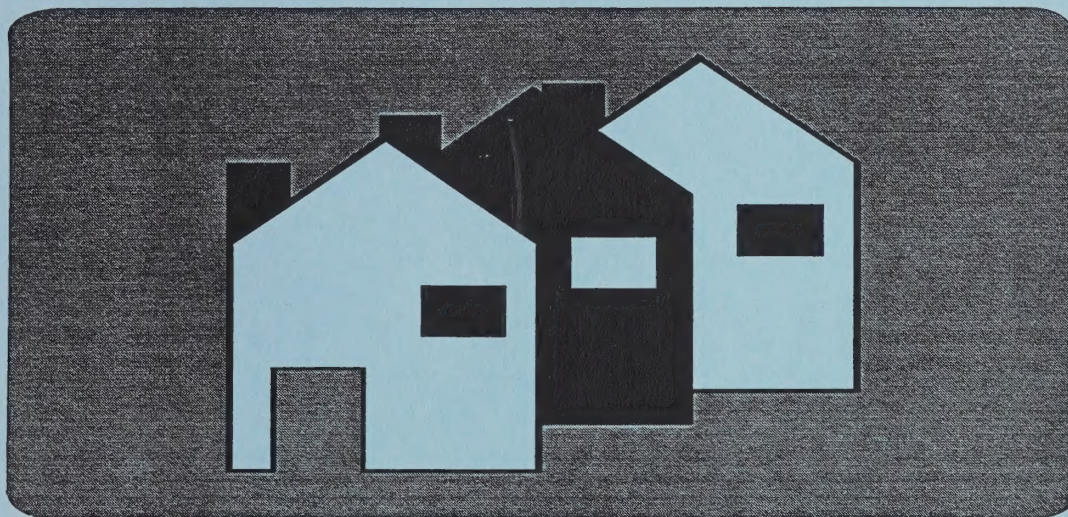


INSTITUTE OF GOVERNMENT
STUDIES LIBRARY
MAR - 8 2000

UNIVERSITY OF CALIFORNIA

CITY OF STOCKTON

1992 HOUSING ELEMENT



**COMMUNITY DEVELOPMENT DEPARTMENT
PLANNING DIVISION**

345 N. El Dorado Street
Stockton, CA 95202
(209) 937-8266

Adopted January 31, 1994

CITY OF STOCKTON

1992 HOUSING ELEMENT

POLICY AND BACKGROUND **DOCUMENTS**

1992 HOUSING ELEMENT:

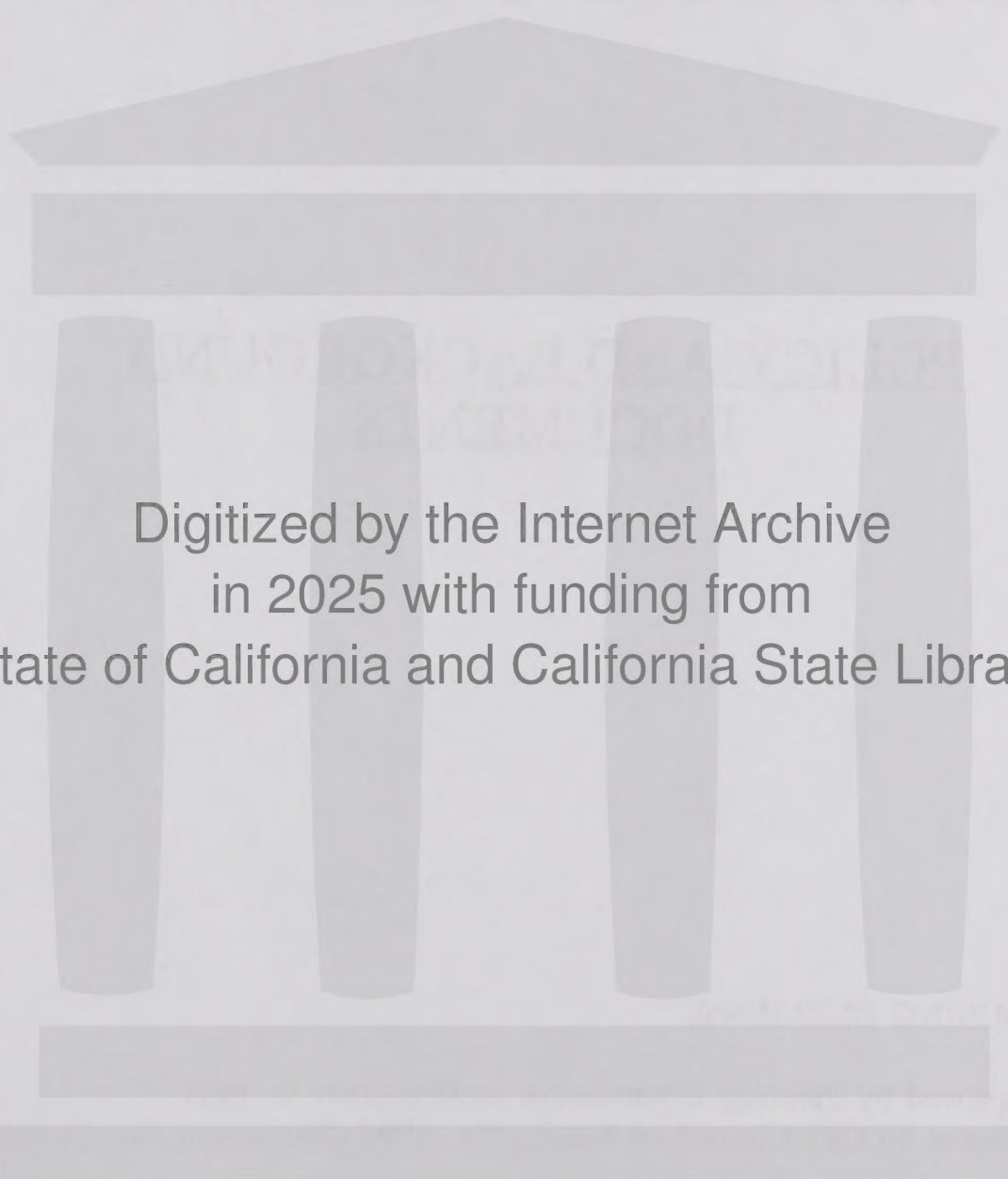
Approved by Planning Commission on December 9, 1993

Adopted by City Council on January 31, 1994 (Resolution No. 94-0053)

ADDENDUM TO EIR4-88 (prepared September 1993):

Approved by Planning Commission on December 9, 1993

Adopted by City Council on January 31, 1994 (Resolution No. 94-0052)



Digitized by the Internet Archive
in 2025 with funding from
State of California and California State Library

<https://archive.org/details/C124922629>

STOCKTON CITY COUNCIL

WHEREAS, the City of Stockton has heretofore formulated and adopted a General Plan for the physical development of the City, which General Plan contains each of the elements required by law to be part of it; and

WHEREAS, a revision to the 1990 General Plan Housing Element (Background and Policy Documents) has been proposed; and

WHEREAS, following a public hearing, the Planning Commission adopted a resolution on December 9, 1993, recommending to the City Council a revision to the 1990 General Plan Housing Element (Background and Policy Documents) (GPA2-93); and

WHEREAS, the City Council of the City of Stockton has reviewed and considered the Planning Commission recommendation and all environmental documents necessary for the approval of the proposed amendment to the City of Stockton General Plan; has duly noticed and held the required public hearing on January 31, 1994; and carefully considered the proposed amendment; now, therefore

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF STOCKTON AS FOLLOWS:

CITY ATTY
REVIEW GOB

DATE JAN 26 1994

That the City Council does hereby adopt the revision to the 1990 General Plan Housing Element (Background and Policy Documents) (GPA2-93) based upon the following findings:

1. The Housing Element establishes appropriate goals, objectives, and policies to address such issues as adequate sites, affordability, governmental constraints, preservation of housing and neighborhoods, housing accessibility, and energy conservation.

2. The Housing Element must be revised in order to bring it into conformity with State law requirements.

3. The Planning Commission has reviewed and considered the "Addendum to Final EIR4-88" (prepared September 1993) together with the previously certified Final EIR4-88 and has recommended recertification of Final Environmental Impact Report (EIR4-88), as amended by the "Addendum to EIR4-88" (prepared September 1993), as being adequate under CEQA for the proposed Housing Element revision (GPA2-93).

4. The significant effects, the mitigation measures, the monitoring program to be implemented for each mitigation measure, the findings, and the statement of overriding considerations as set forth in detail in the "City of Stockton General Plan Revision and Infrastructure/Public Facilities Master Plans Findings, Statement of Overriding Considerations and Mitigation Monitoring Program"

(which is on file in the City's Community Development Department and the City Community Development Department and the City Clerk's Office) are hereby identified and readopted in relation to the proposed Housing Element revision (GPA2-93). The statements, findings, and determinations are based on the above referenced Final EIR, as amended by the "Addendum to EIR4-88" (prepared September 1993), and other information available to the City Council and are made in compliance with Sections 15091 and 15093 of the State CEQA Guidelines and Section 21081.6 of the California Public Resources Code.

PASSED, APPROVED and ADOPTED JAN 31 1994.

/S/ JOAN DARRAH

JOAN DARRAH, Mayor of the
City of Stockton

ATTEST:

/s/ FRANCES HONG

FRANCES HONG, City Clerk of
the City of Stockton

I, FRANCES HONG, do hereby certify as follows:

I am the duly appointed, qualified City Clerk of the City of Stockton, a California municipal corporation; as such City Clerk, I am the custodian of the official records of the City Council of said City. The attached Resolution is a full, true and correct copy of Resolution No. 94-0053 of said City Council, which was adopted by the City Council, on JAN 31 1994.

IN WITNESS WHEREOF, I have hereto affixed my hand and the seal of the City of Stockton on FEB 3 1994.

FRANCES HONG, CITY CLERK
CITY OF STOCKTON

By Sarah Cruz
Deputy

A:\CERT.RESO

SECTION III.2

HOUSING POLICY DOCUMENT

The housing section is divided into six subsections. These subsections are required by State law and are: adequate sites; affordability; governmental constraints; preserving housing and neighborhoods; housing accessibility; and energy conservation. Because State law requires the Housing Element to be updated at least every five years, the time frame for this section extends to the year 1997.

GOALS AND POLICIES

Subsection III.1: Adequate Sites

Goal III.1.A: Assure the adequate provision of sites for housing of all types.

Policies:

- III.1.A.1. The General Plan shall designate sufficient vacant land for residential purposes to accommodate anticipated population growth.
- III.1.A.2. New residential uses shall be located close to main transportation routes to ensure convenient access to employment centers, schools, shopping and recreational facilities.
- III.1.A.3. Sites designated for new residential development on the General Plan shall be adequately served by public utilities, minimally impacted by noise and blighting conditions, and be compatible with surrounding land uses.
- III.1.A.4. Work with San Joaquin County to insure that no residential developments shall be approved that are inconsistent with the City's General Plan.
- III.1.A.5. Encourage the construction of new homes on vacant lots in the existing developed areas of the City where most public improvements have already been installed.

Int'l
on
existing
Pattern

Subsection III.2: Affordability

Goal III.2.A: Ensure the adequate provision of housing for all economic segments of the community with special attention to encourage housing that is affordable to those with low/moderate-income.

Policies:

- III.2.A.1. Designate adequate high-density areas on the General Plan to provide for the development of apartments, planned unit residential developments and other forms of high-density housing.
- III.2.A.2. Vigorously pursue federal and state housing assistance programs designed to help meet the needs of low/moderate-income households.
- III.2.A.3. Encourage and work with private and nonprofit entities to provide housing to low/moderate-income households.
- III.2.A.4. New and innovative housing construction methods which reduce costs will be considered and approved if these methods can provide housing without sacrificing quality, health or safety.

Subsection III.3: Governmental Constraints

Goal III.3.A: Address and, where appropriate and possible, remove governmental constraints to the development, improvement and maintenance of the housing stock.

Policies:

- III.3.A.1. Explore possible modifications to the Zoning Ordinance which could increase the development of affordable housing, such as incentives, bonuses and flexibility in certain standards and requirements.
- III.3.A.2. Continue to plan for the timely and adequate expansion and/or improvement of public facilities and infrastructure to coincide with housing development and improvements.
- III.3.A.3. Continue efforts to streamline the local permit approval and review processes.
- III.3.A.4. Evaluate the City's application and development fees to determine their effect on the costs of providing housing and consider fee modifications to reduce the cost of housing where appropriate.
- III.3.A.5. Continue to pursue voter approval (Article 34 authority) for new low/moderate-income housing in Stockton as funding opportunities become available.

Subsection III.4: Preserving Housing and Neighborhoods

Goal III.4.A: Conserve and enhance Stockton's neighborhoods, emphasizing the existing affordable housing stock.

Policies:

- III.4.A.1. The maintenance and repair of existing owner-occupied and rental housing shall be encouraged to prevent deterioration of the housing in the City.
- III.4.A.2. Encourage the rehabilitation of substandard and deteriorating housing, where feasible, especially the rehabilitation of housing in central Stockton for single room occupancy, transitional housing, and senior citizen housing.
- III.4.A.3. Where possible, take action to promote the removal and replacement of those substandard units which cannot be rehabilitated.
- III.4.A.4. Provide and maintain community facilities and municipal services in all community areas.
- III.4.A.5. Improve and upgrade community facilities and services where necessary.
- III.4.A.6. Continue active programs of code enforcement, demolition, interim rehabilitation assistance and related activities.

Subsection III.5: Housing Accessibility

Goal III.5.A: Promote housing opportunities for all residents and support the elimination of discrimination in housing based on race, religion, sex, age, marital status, ancestry, national origin, color or other arbitrary factors.

Policies:

- III.5.A.1. Support the strict observance and enforcement of antidiscrimination laws and practices.
- III.5.A.2. Consider the ethnic segregation effects of new or contemplated policies, programs and developments and avoid decisions which will increase segregation.
- III.5.A.3. Encourage the provision of housing units to meet the needs of families of all sizes affordable to all income levels.
- III.5.A.4. Promote housing which meets the special needs of the handicapped and elderly segments of the population.

Subsection III.6: Energy Conservation

Goal III.6.A: Promote the conservation of energy in Stockton's housing developments.

Policies:

- III.6.A.1 Utilize the City's review and regulatory power to enhance residential energy conservation within Stockton.

IMPLEMENTATION PROGRAMS

Adequate Sites

- III.1 Continue to monitor the supply of land in various zoning categories (R-1, R-2, R-3 and C-R) to prevent shortages from developing which may increase housing costs.
- III.2. Provide utilities to vacant land both within the central areas of the City as well as on the developing fringe to make this vacant land developable at a reasonable cost.
- III.3. Explore the possibility of federal, state or local funding to institute a lot acquisition and/or land banking program within the Community Development Block Grant project areas.

Affordability

- III.4. Continue to support the Housing Authority of San Joaquin County in providing assisted housing through the federal Section 8 program provided that the Housing Authority complies with the goals and policies of Stockton's General Plan.
- III.5. Provide short-term financing to developers providing low-cost housing.
- III.6. Maintain at least 900 acres of undeveloped land designated for Low/Medium-Density Residential uses on the General Plan to assure an adequate supply of such land.
- III.7. Maintain at least 300 acres of undeveloped land designated for High-Density Residential Uses on the General Plan to assure an adequate supply of such land.
- III.8. Work with the Low-Income Housing Coalition to identify specific sites and a detailed program for developing low-income, single room occupancy units and homeless/transitional housing.

- III.9. Gather information and develop options concerning the possible loss of existing low-income multi-family rental units due to the termination of federal mortgage and/or rent subsidies.

Governmental Constraints

- III.10. ✓ Develop and administer review processes efficiently, fairly, and in a manner which encourages the development of less expensive housing by private enterprise.
- III.11. ✓ Reduce or eliminate the public facilities fees in those areas of the City already served by existing adequate facilities.
- III.12. ✓ Support efforts to develop new publicly constructed or owned low-cost housing by pursuing available funding options and by encouraging any necessary Article 34 voter approval.
- III.13. ✓ Review and revise, as necessary, the Zoning Ordinance to accomplish the following purposes:
- a. Establish minimum usable common open space standards within Planned Unit Residential Developments (PURDs) and reduce the minimum lot area required for a PURD.
 - b. Increase opportunities for accessory housing units within the single-family zone.
 - c. Offer density bonuses of at least twenty-five percent (25%) over the maximum allowable zoning densities and an additional incentive, or financially equivalent incentive(s) for residential projects that provide at least: twenty percent (20%) of the units for lower-income households; or ten percent (10%) of the units for very low-income households; or fifty percent (50%) of the units for senior citizens, consistent with the requirements of State law (Government Code Section 65915).

Preserving Housing and Neighborhoods

- III.14. Continue the City's beautification and historic preservation efforts as represented by the annual Award of Excellence Program and the City's Historic Preservation Ordinance.
- III.15. Continue the City's paint rebate program to provide an incentive to improve the appearance of homes.
- III.16. Continue the rehabilitation of substandard and deteriorating housing.

Housing

- III.17. Continue to enforce the removal and replacement of those substandard units which cannot be rehabilitated.
- III.18. Continue the City's public works maintenance program (street reconstruction, sidewalk, curb and gutter repair) in Community Development Block Grant project areas.
- III.19. Continue to provide technical assistance to homeowners wishing to rehabilitate their properties.

Housing Accessibility

- III.20. The City will comply with antidiscrimination requirements including all applicable federal regulations as demonstrated in the Housing Opportunity Strategy which accompanies the City application for Community Development Block Grant funds.
- III.21. The City will continue to support local groups (i.e., the Stockton - San Joaquin Community Housing Resources Board) that handle discrimination complaints and education programs.
- III.22. The City will continue to include special provisions for housing the elderly and handicapped in Community Development Block Grant project areas including the Mobility Grant program and handicapped accessibility features as part of Public Works infrastructure improvements.
- III.23. The City will assist and support service agencies addressing the housing needs of the handicapped and elderly.

Energy Conservation

- III.24. The conservation of energy shall continue to be an objective during the review of housing developments and a consideration in the development of new standards relating to housing.

QUANTIFIED OBJECTIVES

Table III-2 shows quantified objectives for housing programs.

TABLE III-2
QUANTIFIED OBJECTIVES

PROJECT ACTIVITY	RESPONSIBLE AGENCY	1993	1994	1995	1996	1997	POTENTIAL UNITS
Monitor Supply of Land Within Res. Zones	City	X	X	X	X	X	Unknown
Maintain 900 Acres of Low/Medium-Density on GP	City	X	X	X	X	X	46,008 at buildout of General Plan
Maintain 300 Acres of High-Density on GP	City	X	X	X	X	X	15,085 at buildout of General Plan
Modify Zoning Ordinance for Accessory Units, PURDS & Density Bonuses	City		X				Unknown
Prepare for Loss of Units due to Termination of Federal Subsidies	City				X	X	Unknown
Provide Short-Term Financing	City	X	X	X	X	X	200
Section 8 Assistance	Housing Authority	X	X	X	X	X	260
Housing Abatement Program	City	X	X	X	X	X	500
VERY LOW INCOME¹							
Provide MF Rental Housing Oppor. for LGF Including Special Needs of Minority HH	City	X	X	X	X	X	500
Provide MF Rental Housing Oppor. for SMF & Elderly HH	City	X	X	X	X	X	500
Preservation of Existing Housing Stock for Owner HH	City	X	X	X	X	X	250
Provide Addn. New Housing Oppor. for SF Home Ownership	City	X	X	X	X	X	600
Provide Addn. MF Rental Housing Oppor. for Elderly, SMF & LGF HH	City	X	X	X	X	X	150

TABLE III-2
QUANTIFIED OBJECTIVES CON'T.

PROJECT ACTIVITY	RESPONSIBLE AGENCY	1993	1994	1995	1996	1997	POTENTIAL UNITS
OTHER LOW INCOME¹							
Preservation of Existing Housing Stock	City	X	X	X	X	X	150
Provide Addn. New Housing Oppor. for SF Home Ownership	City	X	X	X	X	X	150
HOMELESS¹							
Maintain and Expand the Support of Existing Shelter Programs	City	X	X	X	X	X	Addn. space for 75 single men & women, & 30 families
Provide Transitional Housing Facilities	City	X	X	X	X	X	5 new transitional housing projects totaling 100 units
Increase Delivery of Support Services to the Homeless	City	X	X	X	X	X	Increase the number of persons served by 10% per year
OTHER PERSONS WITH SPECIAL NEEDS¹							
Provide Addn. Housing Facilities for the Homeless Handicapped, Elderly, Mentally Ill, & Veterans	City	X	X	X	X	X	Increase the number of persons served by 10% per year

Abbreviations Used:

MF=Multiple Family
 SF=Single Family
 HH=Households
 SMF=Small Families
 LGF= Large Families
 Addn.=Additional
 Oppor.=Opportunities

¹Refer to Appendix C, which discusses in greater detail the rationale and implementation of these objectives. These objectives are also part of the City of Stockton's 1992 CHAS, pp. 44-58.

Note: Housing actions are projected for the five-year period to 1997 only because in 1997 Stockton must prepare another updated housing element as required by State law (Government Code Section 65588(b)(4)).

CHAPTER III
HOUSING BACKGROUND REPORT

HOUSING BACKGROUND REPORT

TABLE OF CONTENTS

Page

CHAPTER III: HOUSING	III-1
INTRODUCTION	III-1
Purpose	III-1
Consistency with Other Sections	III-1
Citizen Participation	III-1
HOUSING CHARACTERISTICS	III-2
Number of Housing Units	III-2
Housing Types	III-6
Housing Tenure	III-9
Vacancy Rates	III-11
Condition of Housing	III-13
Housing Purchase and Rental Costs	III-14
HOUSEHOLD CHARACTERISTICS	III-20
Group Quarters	III-20
Households	III-21
Household Size	III-21
Marital Status	III-23
Age of Head of Household and Household Composition	III-23
INCOME	III-25
Median Incomes	III-25
Poor, Low, and Moderate Income Families	III-25
Overcrowding	III-27
Mobility	III-29
HOUSING PROBLEMS AND NEEDS	III-31
Possible Loss of Federally Subsidized Housing Units	III-31
Affordability	III-32
Suitability - Habitability	III-33
Overcrowding	III-34
Housing Needs of Special Groups	III-34
Elderly Housing	III-34
Handicapped/Disabled	III-35
Minority Households	III-35
Female-Headed Households	III-35
Large Families	III-36
Farmworkers	III-36
Homeless Individuals and Families	III-36
Existing Facilities	III-38
Analysis of Need	III-39
Transitional Housing	III-40
Households Needing Assistance - 1990	III-40

TABLE OF CONTENTS (Continued)

	Page
FUTURE NEEDS	III-42
Housing Unit Projections	III-42
Fair Share Housing Allocation	III-43
Quantified Objectives	III-44
AVAILABILITY OF SITES FOR HOUSING	III-44
Adequate Sites	III-44
Sites for Homeless Facilities	III-50
Sites for Transitional Housing	III-50
HOUSING CONSTRAINTS	III-51
Nongovernmental Constraints	III-51
Construction Value	III-51
Cost of Materials	III-51
Cost of Labor	III-53
Land Costs	III-53
Availability of Financing	III-54
Financing Costs	III-54
Total Development Costs	III-55
Governmental Constraints	III-55
Land Use Controls	III-55
Setbacks, Height Limitations, and Parking	III-56
Planned Unit Residential Developments & Open Space Requirement	III-57
Lot Size	III-57
Restrictions on Factory Built and Manufactured Homes	III-59
Rent Control	III-59
Condominium Conversion	III-60
Building Codes	III-62
Existing and Proposed Mandated Requirements	III-62
Required On-Site and Off-Site Improvements	III-63
Governmental Review, Fees, and Permits	III-66
Environmental Review	III-66
Public School Development	III-68
Property Taxes and Proposition 13	III-68
Article 34	III-68
Measure B (Low Income Housing Projects Measure)	III-68
EXISTING AND ANTICIPATED CITY OF STOCKTON HOUSING PROGRAMS	III-69
Community Residential Rehabilitation Loan and Grant Program	III-69
Redevelopment Programs	III-71
Lot Acquisition/Land Banking Program	III-71
Short Term Financing	III-72
Section 8 Low-Income Rental Assistance	III-72
Conventional Public Housing	III-72
After Care Housing	III-73

TABLE OF CONTENTS (Continued)

	Page
HOME Program	III-73
Promoting Housing Opportunities For All Persons	III-74
REVIEW AND EVALUATION OF THE AMENDED 1990 HOUSING ELEMENT . .	III-74
Effectiveness of the Element/Progress in Implementation	III-74
Appropriateness of Goals, Policies, and Objectives	III-76
ENERGY CONSERVATION OPPORTUNITIES	III-76
DEFINITIONS	III-78
BIBLIOGRAPHIC REFERENCES	III-80
PERSONS AND ORGANIZATIONS CONSULTED	III-81

APPENDIX A - ANALYSIS ON THE PRESERVATION OF ASSISTED HOUSING UNITS

APPENDIX B - AFFORDABILITY GAP ANALYSIS

APPENDIX C - POLICY DOCUMENT, RATIONALE AND IMPLEMENTATION OF QUANTIFIED OBJECTIVES

LIST OF TABLES

	Page
TABLE III-1:	HOUSING UNITS BY SUBAREA (1970-1980-1990) III-2
TABLE III-2:	SUBAREA COMPARISON OF POPULATION AND HOUSING UNIT DISTRIBUTION III-3
TABLE III-3:	RESIDENTIAL BUILDING PERMITS (1980-1990) III-4
TABLE III-4:	TOTAL HOUSING UNITS (1980-1990) III-6
TABLE III-5:	HOUSING TYPE BY SUBAREA (1970-1980-1990) III-7
TABLE III-6:	SINGLE AND MULTIPLE FAMILY HOUSING UNITS AS PERCENT OF THE NET CHANGE IN THE HOUSING STOCK BETWEEN 1970 AND 1990 III-9
TABLE III-7:	HOUSING TENURE COMPARISONS (1970-1980-1990) III-10
TABLE III-8:	HOUSING TENURE (1970-1980-1990) III-11
TABLE III-9:	HOME OWNERSHIP CHANGE (1970 and 1990) III-11
TABLE III-10:	VACANCY RATES FOR HOUSING UNITS (1970-1980-1990) III-12
TABLE III-11:	MULTIPLE-FAMILY VACANCY RATES (1980-1990) III-13
TABLE III-12:	YEAR RESIDENTIAL STRUCTURES BUILT III-14
TABLE III-13:	SUBSTANDARD UNITS (1988-1991) III-15
TABLE III-14:	INCOME VS. HOUSING VALUE AND RENT (1980-1990) III-15
TABLE III-15:	COST BURDENED HOUSEHOLDS SPENDING AT LEAST 25% OF THEIR INCOME FOR HOUSING (1980) III-18
TABLE III-16:	COST BURDENED HOUSEHOLDS SPENDING AT LEAST 25% OF THEIR INCOME FOR HOUSING (1990) III-19
TABLE III-17:	SELECTED OWNER AND RENTER HOUSEHOLDS WITH INCOMES OF \$20,000 OR MORE (1990) III-19
TABLE III-18:	GROUP QUARTERS AND HOUSEHOLD POPULATION (1970-1980-1990) III-21
TABLE III-19:	HOUSEHOLD SIZES (1960-1970-1980-1990, Metro) III-22
TABLE III-20:	HOUSEHOLD SIZES (1960-1970-1980-1990, City) III-22
TABLE III-21:	SELECTED CHARACTERISTICS BY HOUSING UNIT TYPE (1990) III-23
TABLE III-22:	MARITAL STATUS-15 YEARS AND OLDER (1970-1980-1990) . . III-24
TABLE III-23:	HOUSEHOLD AND FAMILY COMPOSITION (1970-1980-1990) . . III-25
TABLE III-24:	MEDIAN FAMILY AND HOUSEHOLD INCOME (1980-1990) . . . III-26
TABLE III-25:	POVERTY STATUS BY FAMILY TYPE (1990) III-27
TABLE III-26:	PERCENT OF OCCUPIED HOUSING UNITS OVERCROWDED (1970-1980-1990) III-28
TABLE III-27:	OVERCROWDED HOUSEHOLDS (1980-1990) III-28
TABLE III-28:	MOBILITY (1985-1990) III-29
TABLE III-29:	RESIDENCE IN 1985 OF 1990 RESIDENTS III-30
TABLE III-30:	YEAR HOUSEHOLDER MOVED INTO UNIT III-30
TABLE III-31:	MODERATE AND LOW-INCOME HOUSEHOLDS (1990) III-32

LIST OF TABLES (Continued)

	Page
TABLE III-32: OWNER & RENTER HOUSEHOLDS PAYING 25% OR MORE OF INCOME FOR HOUSING BY INCOME CATEGORY (1990)	III-33
TABLE III-33: ESTIMATED HOMELESS POPULATION (1991-1992)	III-38
TABLE III-34: IDENTIFIED HOUSING STOCK NEEDS (1990)	III-41
TABLE III-35: NEEDS OF SPECIAL LOW-INCOME HOUSEHOLDS (1990)	III-42
TABLE III-36: OCCUPIED HOUSING UNITS 1980-1990, AND OCCUPIED HOUSING UNIT PROJECTIONS 2000-2010 (Metro)	III-43
TABLE III-37: OCCUPIED HOUSING UNITS 1980-1990, AND OCCUPIED HOUSING UNIT PROJECTIONS 2000-2010 (City)	III-43
TABLE III-38: PROJECTED HOUSING NEEDS (1990-1997)	III-44
TABLE III-39: PROJECTED RESIDENTIAL UNITS WITHIN EXISTING VACANT RESIDENTIALLY ZONED LAND	III-46
TABLE III-40: PROJECTED BUILDOUT OF EXISTING VACANT RESIDENTIAL LAND	III-47
TABLE III-41: DEVELOPMENT STANDARDS	III-58
TABLE III-42: DEVELOPMENT FEES	III-65
TABLE III-43: SCHEDULE OF FEES	III-67

LIST OF FIGURES

	Page
FIGURE III-1: STOCKTON SUBAREAS	III-5
FIGURE III-2: SINGLE-FAMILY UNITS BY SUBAREA	III-8
FIGURE III-3: MULTI-FAMILY UNITS BY SUBAREA	III-8
FIGURE III-4: OWNER OCCUPIED HOUSING UNITS BY VALUE	III-17
FIGURE III-5: AVERAGE ANNUAL RESIDENTIAL SALES PRICE	III-17
FIGURE III-6: FUTURE GROWTH AREAS	III-49
FIGURE III-7: MODEL OF "NORMAL" RESIDENTIAL DEVELOPMENT	III-52
FIGURE III-8: CITY OF STOCKTON REHABILITATION AND REDEVELOPMENT PROJECTS	III-70

CHAPTER III

HOUSING BACKGROUND REPORT

INTRODUCTION

Under the requirements of State law, every city and county in California must prepare a housing element as part of its general plan. The housing element must document in detail the existing housing stock and its condition and must assess existing and projected housing needs. Responding to these requirements, this chapter profiles Stockton's housing stock, assesses existing and projected needs, analyzes resources available to meet these needs, and reviews governmental and nongovernmental constraints on the production of affordable housing.

Purpose

The purpose of this section of the General Plan which addresses housing issues constitutes an official policy position on behalf of the City of Stockton which will focus on the provision of safe, healthy, and affordable housing for all City residents, both existing and future. This official policy position is intended to provide a framework for long-term planning and to serve as a basis for making decisions related to housing. The attainment of all the housing goals is a difficult, if not impossible task. However, through the use of policies, implementation measures, and programs specified in the General Plan the greatest effort can be made in addressing housing needs within the City of Stockton given existing resources.

Consistency with Other Sections

In updating the City's General Plan, careful consideration was given to assure that the sections dealing with housing, particularly the section concerned with housing goals, policies, and implementation measures, constitute an overall statement which is integrated and internally consistent with other sections of the General Plan. Numerous reviews were conducted by Planning Division staff of existing and new housing goals, objectives, and implementation measures to evaluate compatibilities with other non-housing related goals, objectives, and implementation measures. Existing and proposed housing implementation measures were evaluated and modified as necessary to mitigate or eliminate conflicts and to achieve a balance with the other competing non-housing policy objectives within the overall General Plan.

Citizen Participation

The City's Housing Element along with the General Plan was amended on January 22, 1990. As part of this amendment process, there were 26 General Plan Workshop meetings before the Stockton Planning Commission from 1986 to 1989. Several Public meetings and formal public hearings were also held before both the Planning Commission and City Council to receive comments and suggestions from the public.

The proposed revision to the 1990 Housing Element primarily involves using 1990 Census data to bring this section up to date, which also includes changes to Housing Element law as of January 1, 1992. The Draft Housing Element is available to the public and has been circulated

to various groups including the Affordable Housing Task Force, which was formed in 1991 at the direction of the Stockton City Council. This group is responsible for the City's Comprehensive Housing Affordability Strategy (CHAS).

Public hearings on the Housing Element itself will take place in late 1993 and/or early 1994 with at least one meeting before the Planning Commission and City Council. Public hearings are legally noticed in the local newspaper. Public hearing and meeting dates are also listed on the City's electronic bulletin board via the City/County library system, as well as being posted in City Hall. The City has also established a mailing list whereby residents, who have requested to be placed on the list, are notified by mail of any workshop, meeting, or hearing involving the General Plan.

HOUSING CHARACTERISTICS

Number of Housing Units

In 1990, the City of Stockton contained 72,525 housing units, an 18% increase over the 1980 figure. This increase represents annexation growth as well as net housing increase. For example, the number of housing units in the Stockton area (metro Stockton) grew 13% during this period (see Table III-1). Therefore, the 5% differential in growth rates between the City and the metropolitan area is due to annexations by the City. Because of misleading statistics caused by annexations, the dominant geographic area of analysis for study will be metro Stockton and not the City of Stockton.

TABLE III-1

HOUSING UNITS BY SUBAREA (1970-1980-1990)

Subarea	1970		1980		1990		1970-1980		1980-1990	
	No.	% of Metro Area	No.	% of Metro Area	No.	% of Metro Area	No.	Growth Rate	No.	Growth Rate
North of Calaveras	13,537	23.0%	35,357	43.0%	45,735	49.0%	2,182	10.1%	1,038	2.6%
South of Calaveras	46,333	77.0%	47,141	57.0%	47,782	51.0%	81	0.2%	64	0.1%
Metro Stockton	59,870	100.0%	82,498	100.0%	93,557	100.0%	2,263	3.3%	1,106	1.3%
City of Stockton	38,497	64.0%	61,260	74.0%	72,525	78.0%	2,276	4.8%	1,127	1.7%

Source: 1970, 1980 and 1990 Census (STF3), U.S. Bureau of the Census

In the Stockton metropolitan area, growth in the number of housing units has been proportional to the growth in the population. Table III-2 indicates the percent of the metropolitan area's housing units compared to population by subarea (see Figure III-1, page III-5 for map of north/south subareas - the terms north Stockton and south Stockton are used interchangeably with north of the Calaveras River and south of the Calaveras River). In 1990, north Stockton contained 49% of the area's housing units and housed 48% of the area's population, and the area south of the Calaveras River contained 51% of the area's housing units and housed 52% of the population.

TABLE III-2

**SUBAREA COMPARISON OF POPULATION AND
HOUSING UNIT DISTRIBUTION
Metropolitan Stockton**

Subarea	Population			Housing		
	1970	1980	1990	1970	1980	1990
North of Calaveras	24.5%	42.0%	48.0%	23.0%	43.0%	49.0%
South of Calaveras	75.5%	58.0%	52.0%	77.0%	57.0%	51.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: 1970, 1980 and 1990 Census (STF3), U.S. Bureau of the Census

Residential development in north Stockton accounted for 95% of the total net increase in the metropolitan area's housing units and represented an average annual growth rate of 2.6% between 1980 and 1990. This rate of increase is more than double that of the entire metropolitan area. In contrast, the area south of the Calaveras River experienced a growth rate of approximately 1/10 of 1% over the same ten year period, and accounted for only 5% of the total net increase in housing units for the metropolitan area. Table III-1 indicates the changes in housing units by subarea from 1970 to 1990.

Besides the information on housing units provided by the U.S. Bureau of the Census, another indicator of housing demand is the number of residential building and demolition permits which were issued.

Table III-3 shows the number of residential building permits issued in the City of Stockton from 1980 through 1990. These figures show an annual average of 1,221 net units since 1980. The annual rate of single-family building permits has been relatively constant over the 10 year period at an average of 669 net units per year with the exception of 1990. In 1990, there were 1,252 building permits issued for single-family units, which represents a 41% increase over 1989. This increase, in part, is due to the number of major residential projects (Brookside Estates, Spanos Park, Weston Ranch) annexed in 1988 and 1989.

In contrast, multiple-family building permits have shown wide variation with a low of 76 units in 1989 and a high of 1,459 units in 1984. The annual net average over this 10 year period was 530 multiple-family building permits. A review of this 10 year period shows that 1983 and 1984 experienced the largest increase in multiple-family building permits with 1,216 and 1,459 permits, respectively. After 1984, multiple-family building permits decreased significantly to a level consistent with the annual net average. The most significant decrease occurred after 1988 with a low of 76 units in 1989 and 163 units in 1990.

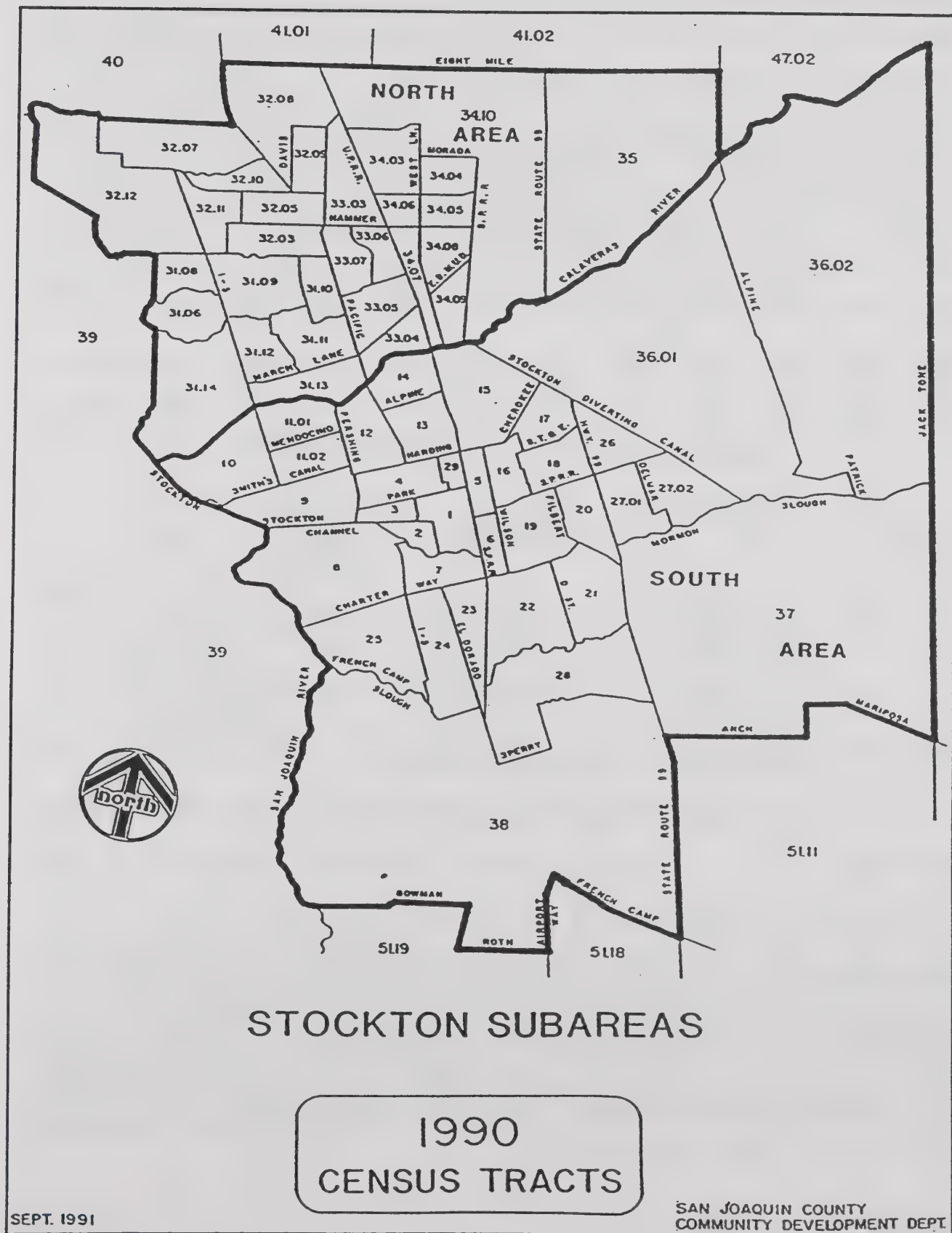
TABLE III-3
RESIDENTIAL BUILDING PERMITS (1980-1990)
City of Stockton

Type of Unit	Number of New Units											
	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	Total
Single	564	620	528	872	548	400	657	688	793	888	1,252	7,810
Duplex	160	50	4	18	8	10	12	20	18	4	4	308
Multiple	360	326	544	1,216	1,459	520	225	555	576	76	163	6,020
Total	1,084	996	1,076	2,106	2,015	930	894	1,263	1,387	968	1,419	14,138

Type of Unit	Demolished Units 1980-1990	Net Change 1980-1990	Annual Net Average 1980-1990
Single	454	7,356	669
Duplex	60	248	23
Multiple	195	5,825	530
Total	709	13,429	1,221

Source: City of Stockton, Building Permit Data

FIGURE III-1
STOCKTON SUBAREAS



On Table III-4 is the estimated number of housing units within the City for the period 1980-1990. These figures are from the California Department of Finance, Demographic Research Unit. The yearly estimate of housing units is based upon finalized building permits and other data such as utility connections. While these two measures of Stockton's housing growth are different and result in different numbers, Stockton's major housing trend is confirmed by both measures, which indicate that Stockton is significantly increasing its number of housing units.

TABLE III-4

**TOTAL HOUSING UNITS (1980-1990)
City of Stockton**

Type of Unit	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
Single	39,320	40,073	40,777	40,991	41,652	43,114	43,684	44,386	44,800	45,271	46,200
Multiple	21,388	22,413	22,867	23,257	24,159	25,025	25,549	25,612	25,966	26,232	26,325
Total	60,708	62,486	63,644	64,248	65,811	68,139	69,233	69,998	70,766	71,503	72,525

Type of Unit	Net Change 1980-1990	Percent Change 1980-1990
Single	6,880	17%
Multiple	4,937	23%
Total	11,817	19%

Source: California Department of Finance, Demographic Research Unit.

Housing Types

While the single-family home (including mobile homes) remains the predominant form of housing in the Stockton metropolitan area, a shift occurred between 1970 and 1980 which resulted in an increasing proportion of households residing in multiple-family units (two or more units per structure). This shift represented an 11% increase in multiple-family units for this ten year period. By 1980, 35% of metro Stockton's housing stock consisted of multiple-family units (Table III-5). The multiple-family unit percentage of total housing stock has remained constant through 1990. In contrast, single-family units decreased from 76% in 1970 to 65% in 1980, a drop of 11% (Table III-6). However, from 1980 to 1990 the single-family unit percentage of total housing stock remained fairly constant.

The initial decline in the percentage of single-family units reflected the emphasis, both locally and State-wide, on the construction of multiple-family dwelling units during the first half of the 1970 to 1990 time period. Since 1980, higher interest rates and higher land prices have been key factors in stabilizing the growth of both multiple-family and single-family units as a percentage of the total housing stock.

Significant disparities in the housing stock between north and south Stockton have accompanied the shifts in population and residential construction. North Stockton was the subarea most affected by the pattern of new residential construction which occurred between 1970 and 1990. There were 14,845 single-family units constructed in north Stockton during this period which constituted 110% of new single-family housing stock for the entire metro area (there was a net loss of single-family units in south Stockton) (Table III-5 and Figure III-2); of the 19,739 new multiple-family units constructed during this period, 86% were built in north Stockton (north of the Calaveras River). The result was that by 1990, over 45% of the housing stock in north Stockton was composed of multiple-family units (Table III-5 and Figure III-3).

TABLE III-5

HOUSING TYPE BY SUBAREA (1970-1980-1990)

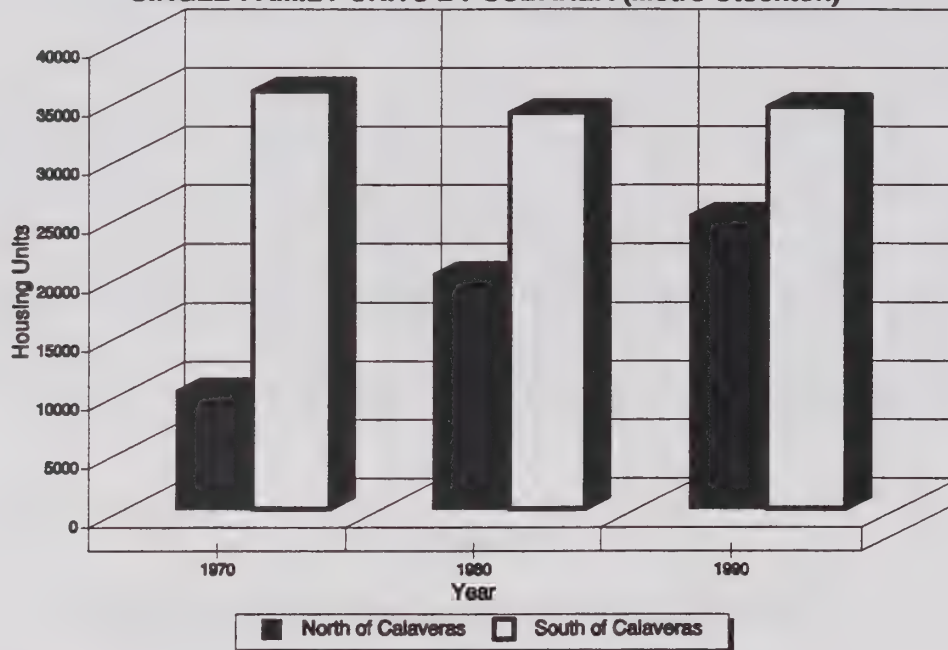
Subarea	Single-Family Units						Multi-Family Units					
	1970		1980		1990		1970		1980		1990	
	No.	% of Total	No.	% of Total	No.	% of Total	No.	% of Total	No.	% of Total	No.	% of Total
North of Calaveras	10,180	75%	20,049	57%	25,025	55%	3,357	25%	15,308	43%	20,710	45%
South of Calaveras	35,585	77%	33,743	72%	34,243	72%	10,748	23%	13,398	28%	13,539	28%
Metro Stockton	45,765	76%	53,792	65%	59,268	63%	14,105	24%	28,706	35%	34,249	37%

Note: A single-family unit is defined as one detached unit in a structure or a mobile home.

Source: 1970, 1980 and 1990 Census (STF3), U.S. Bureau of the Census

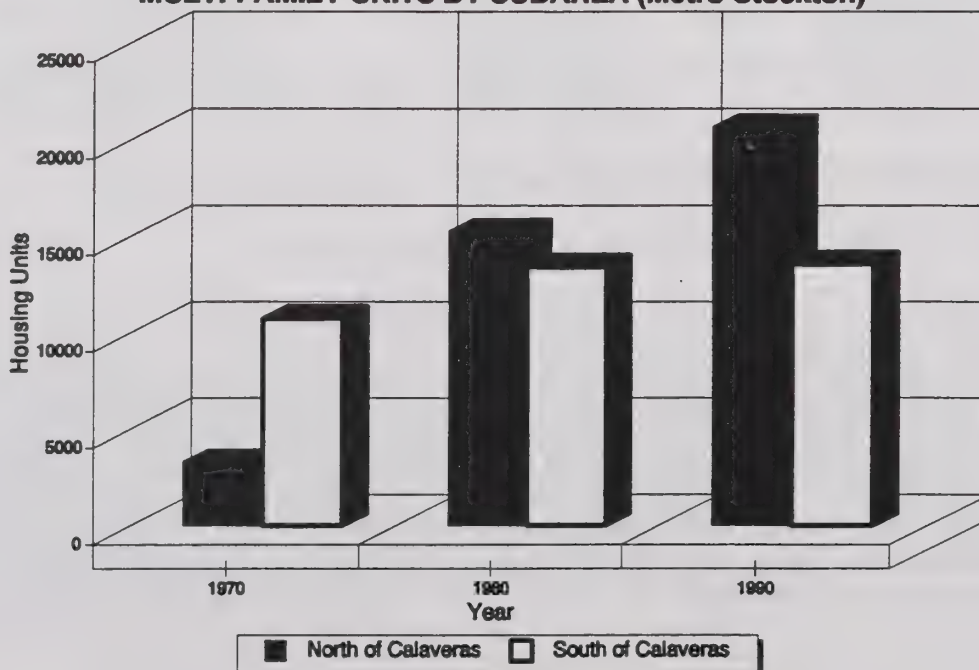
South Stockton (south of the Calaveras River) realized a net increase of 1,449 total housing units between 1970 and 1990 (Table III-6). One of the most startling changes in the housing stock in this area during that period was the net loss of 1,342 single-family units. The single-family unit percentage for this area declined from about 77% in 1970 to 72% in 1990. The large loss of single-family units, and the loss of multiple-family units in downtown Stockton, was mostly attributable to urban renewal projects, the Interstate 5-Crosstown Freeway construction, and private removal.

FIGURE III-2
SINGLE-FAMILY UNITS BY SUBAREA (Metro Stockton)



Source: 1970, 1980 and 1990 Census

FIGURE III-3
MULTI-FAMILY UNITS BY SUBAREA (Metro Stockton)



Source: 1970, 1980 and 1990 Census

TABLE III-6

**SINGLE AND MULTIPLE FAMILY HOUSING UNITS AS A PERCENT OF THE
NET CHANGE IN THE HOUSING STOCK BETWEEN 1970 AND 1990**

Subarea	Amount and Percent of 1970-1990 Net Change					
	S-F	%S-F	M-F	%M-F	Total	%Total
North of Calaveras	14,845	46%	17,353	54%	32,198	100%
South of Calaveras	-1,342	-92%	2,791	192%	1,449	100%
Metropolitan Total	13,503	40%	20,144	60%	33,647	100%

Source: 1970 and 1990 Census (STF3), U.S. Bureau of the Census

While experiencing a net loss in single-family units, the area south of the Calaveras River has recognized a net gain of 2,791 multiple-family units over the 1970 to 1990 period. However, the increase in multiple-family units in this area could not keep pace with the construction of apartments north of the Calaveras River, with the result being that its proportionate share of such housing declined from 76% in 1970 to 40% in 1990. New multiple-family units in south Stockton made up only 14% of the total multiple-family housing stock within the metropolitan area during that 20 year period.

Housing Tenure

The demand for single-family housing units has gradually given way to an increase in demand for multiple-family rental units within San Joaquin County, metro Stockton, and the City of Stockton from 1970 to 1990.

This is clearly reflected by the drop in home ownership rates as indicated by the 1990 census data. Between 1970 and 1990 the percentage of home ownership dropped by 3.8% in San Joaquin County, 6.2% in metropolitan Stockton, and 5.4% within the City of Stockton (Table III-7). The State actually experienced an increase in home ownership (0.7%) from 1970 to 1990.

TABLE III-7

HOUSING TENURE COMPARISONS (1970-1980-1990)

Area	Total Occupied Units			Total Owner Occupied Units			% Owner Occupied		
	1970	1980	1990	1970	1980	1990	1970	1980	1990
California	6,573,816	8,629,866	10,381,206	3,611,347	4,825,252	5,773,943	54.9%	55.9%	55.6%
San Joaquin County	92,372	124,626	158,156	56,720	75,148	91,068	61.4%	60.3%	57.6%
Metropolitan Stockton	57,409	75,236	88,991	34,437	43,475	47,905	60.0%	57.8%	53.8%
City of Stockton	36,208	55,335	68,794	19,529	28,986	33,353	53.9%	52.4%	48.5%

Source: 1970, 1980 and 1990 Census (STF3), U.S. Bureau of the Census

As was the case in 1970, the City fell short of the State average for the percentage of owner occupied units in 1990. Metro Stockton was below the State average for the percentage of owner occupied units for the first time in 1990. The fact that the City and metro Stockton were below the State average is largely attributable to the unproportional rise in housing costs in relation to income for the Stockton area.

The home ownership pattern within the metropolitan area for 1970, 1980, and 1990 is indicated in Tables III-8 and III-9. The metropolitan subarea in which the decline in the home ownership rate was most acute was north Stockton. During these decades the percentage of owner occupied units in this area dropped 16%, from 68.9% to 52.9%.

TABLE III-8

HOUSING TENURE (1970-1980-1990)

Subarea	Total Occupied Units			Total Owner Occupied Units			% Owner Occupied		
	1970	1980	1990	1970	1980	1990	1970	1980	1990
North Stockton	12,924	31,585	43,497	8,922	18,509	23,000	68.9%	58.6%	52.9%
South Stockton	44,485	43,651	45,494	25,515	24,966	24,905	57.4%	57.2%	54.6%
Metro Stockton	57,409	75,236	88,991	34,437	43,475	47,905	60.0%	57.8%	53.8%

Source: 1970, 1980 and 1990 Census (STF3), U.S. Bureau of the Census

TABLE III-9

HOME OWNERSHIP CHANGE (1970 and 1990)
Metropolitan Stockton

Subarea	1970	1990	Change
North Stockton	68.9%	52.9%	-16.0%
South Stockton	57.4%	54.7%	-2.7%
Metro Stockton	60.0%	53.8%	-6.2%

Source: 1970, 1990 Census (STF3), U.S. Bureau of the Census

The general trend in the metropolitan area from 1970 to 1990 was toward more multiple-family units and therefore, more renter occupancy. This trend was largely the result of rising housing costs.

Vacancy Rates

Because vacancy rates tend to fluctuate more than any other housing characteristic, a comparison of vacancy rates for various census years as indicated in Table III-10, does not necessarily demonstrate an accurate trend.

However, the data in Table III-10 is the only information available for total "for sale" and "for rent" housing units which were vacant at the time of the survey. Table III-10 provides the only available information on vacancy rates for each of the metropolitan subareas. Historically, the rate of vacant "for sale" housing units has been extremely low in metropolitan Stockton--fluctuating around 2.0 - 4.0%.

TABLE III-10
VACANCY RATES FOR HOUSING UNITS¹ (1970-1980-1990)

Subarea	1970				1980				1990			
	For Sale	For Rent	Other	Total	For Sale	For Rent	Other	Total	For Sale	For Rent	Other	Total
North Stockton	0.4% ²	3.5%	0.6%	4.5%	2.6%	7.1%	0.9%	10.6%	0.3%	1.5%	0.7%	2.4%
	58 ³	471	84	613	937	2,494	318	3,749	260	1,366	616	2,242
South Stockton	0.4%	2.8%	1.5%	4.7%	0.7%	4.3%	2.6%	7.6%	0.3%	0.8%	1.4%	2.5%
	193	1,037	612	1,842	351	1,875	1,139	3,365	263	740	1,292	2,295
Metro Stockton	0.4%	2.5%	1.2%	4.1%	1.5%	5.3%	1.8%	8.6%	0.6%	2.3%	2.0%	4.8%
	251	1,508	696	2,455	1,288	4,369	1,457	7,114	523	2,106	1,908	4,537
City of Stockton	0.3%	3.0%	1.0%	4.4%	1.7%	6.4%	1.5%	9.6%	0.5%	2.7%	1.9%	5.1%
	132	1,128	394	1,654	1,013	3,942	911	5,866	391	1,967	1,373	373

¹Year-round vacant units are subdivided as follows: "For sale only"; "For rent", which also includes vacant units offered either for rent or for sale; and "other" which includes units sold or rented but not yet occupied by the new owner or renter, units held for the occasional use of the owner and units being held off the market for other reasons.

²Vacancy rate. This figure is the percent of the total housing stock which is vacant.

³Number of vacant units.

Source: 1970, 1980 and 1990 Census (STF1), U.S. Bureau of the Census

For apartment units the vacancy rate has varied widely from 1980 to 1990 (Table III-11). The data presented in Table III-11 is not completely comparable over time since four different sources are used, however, these figures do give an indication of the vacancy rates prevailing over time and they represent the best data available. It should be noted that vacancy rates are also estimated annually by the California Department of Finance, Demographic Research Unit. Their vacancy rates, however, are not used by the City because they are based on total housing units in the City including seasonal and temporary units. The resulting figure overestimates housing vacancy in Stockton and is a misleading figure not truly representing available housing.

Vacancy figures for metropolitan Stockton north of the Calaveras River are used for comparison since figures for that area are the most complete and the fact that this area contained 65% of all multiple-family units in 1990. The vacancy rate in north Stockton for multiple-family units ranged from a low of 3.7% in 1984 and 1987 to a high of 14.1% in 1985. The rapid increase in the vacancy rate in 1985 and to a lesser extent in 1986 directly correlates to a bulge in multiple-family building permits in 1983 and 1984. An eighteen to twenty month lag between issuance of building permits and availability for rent is represented by these figures. In 1985 and 1986, a large number of multiple-family units were on the housing market, which exceeded the demand for such units, thus increasing the vacancy rates. Multiple-family vacancy rates stabilized between 6% and 8% from 1988 through 1990. Building permit data through 1991 does not signal another sharp increase in the supply of multiple family units.

TABLE III-11

MULTIPLE-FAMILY VACANCY RATES (1980-1990)

	1980 ¹	1981 ¹	1982 ¹	1984 ²	1985 ²	1986 ³	1987 ³	1988 ³	1989 ³	1990 ⁴
North of Calaveras	4.7%	4.3%	4.6%	3.7%	14.1%	6.8%	3.7%	6.2%	6.5%	7.6%
South of Calaveras	7.8%	8.1%	9.0%	4.1%	3.3%	N/A	N/A	N/A	N/A	7.8%
Metro Stockton	5.1%	5.0%	5.3%	3.8%	10.2%	N/A	N/A	N/A	N/A	7.7%

NA: Not Available

- Sources: 1. U.S. Department of Housing and Urban Development, Federal Administration, 1982 Rental Survey.
 2. Federal Home Loan Bank of San Francisco, Housing Vacancy Survey, 1984 and 1985.
 3. Associated Brokers, Stockton, 1986, 1987, 1988 and 1989.
 4. 1990 Census (STF3), U.S. Bureau of the Census

Condition of Housing

One indication of the condition of the housing stock is the age of the structures. The older the structure, the more likely it will be in need of rehabilitation or replacement. Within metropolitan Stockton, south Stockton contains the largest number of older homes counted. Of the 47,782 housing units in south Stockton, 43% were built before 1950. In contrast, 70% of the housing units in north Stockton were built after 1969 (Table III-12).

TABLE III-12

YEAR RESIDENTIAL STRUCTURES BUILT

Subarea	1939 or Earlier		1940-1949		1950-1959		1960-1969		1970-1979		1980-1990		Total	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
North Stockton	250	0.5%	924	2.0%	4,995	10.9%	7,909	17.3%	17,774	38.9%	13,883	30.4%	45,735	100.0%
South Stockton	10,375	21.7%	10,248	21.4%	10,202	21.4%	7,505	15.7%	5,142	10.8%	4,310	9.0%	47,782	100.0%
Metro Stockton	10,625	11.4%	11,172	11.9%	15,197	16.3%	15,414	16.5%	22,916	24.5%	18,193	19.5%	93,517	100.0%

Source: 1980, 1990 Census (STF3), U.S. Bureau of the Census

The most recent estimate of the condition of the City's housing stock is from the 1988-1991 City of Stockton Housing Assistance Plan. The Housing Assistance Plan documents the City's housing stock conditions, lists the rental subsidy needs of lower-income households, and then establishes goals for housing assistance. This Plan is submitted to the U.S. Department of Housing and Urban Development as part of the City's federal Community Development Block Grant Program.

The Housing Assistance Plan estimated a total of 8,379 units as being in substandard condition. This number represents 11.6% of the City's total housing stock in 1990. Of these 8,379 housing units, it was further estimated that 7,291 were suitable for rehabilitation and 1,088 should be replaced. The problem was greater for owner occupied households than for renter occupied households, with 13.1% of owner occupied units considered substandard (Table III-13).

Housing Purchase and Rental Costs

Despite an increase of 66% in median family income from 1980 to 1990, the actual purchasing power for housing decreased because the cost of housing within the City of Stockton for the same period rose by 95.4% (Table III-14). This led to a situation where the average cost of a house was estimated to be approximately 3.5 times higher than the 1990 median income. In 1980, the average house was valued at 3.0 times the median income. Couple this rise in value with an increased interest rate and it becomes very apparent that home ownership became a decreasing reality for families in the lower income ranges.

TABLE III-13

SUBSTANDARD UNITS (1988-1991)
City of Stockton

	Total Substandard Units			
	Suitable for Rehabilitation	Not Suitable for Rehabilitation	Total Units	% of Units
Renter	2,959	419	3,378	9.9%
Occupied	2,686	257	2,943	9.2%
Vacant	273	162	435	21.1%
Owner	4,332	669	5,001	13.1%
Occupied	4,202	630	4,832	13.1%
Vacant	130	39	169	13.1%
Total	7,291	1,088	8,379	11.6%

Source: 1988-1991 City of Stockton HAP

TABLE III-14

INCOME VS. HOUSING VALUE AND RENT (1980-1990)

Subarea	1980			1990			Percent Change 1980-1990		
	Median Family Income	Median Home Value	Median Contract Rent	Median Family Income	Median Home Value	Median Contract Rent	Income	Home Value	Rent
North Stockton	\$22,737	\$73,800	\$237	\$38,273	\$131,760	\$536	68.3%	78.5%	126.1%
South Stockton	\$13,755	\$37,175	\$138	\$25,685	\$84,901	\$395	86.7%	128.3%	186.2%
Metro Stockton	\$18,636	\$54,600	\$184	\$31,080	\$107,903	\$468	67.0%	97.6%	154.3%
City of Stockton	\$18,279	\$54,100	\$188	\$30,315	\$106,700	\$476	66.0%	97.2%	153.1%

Source: 1980, 1990 Census (STF3), U.S. Bureau of the Census

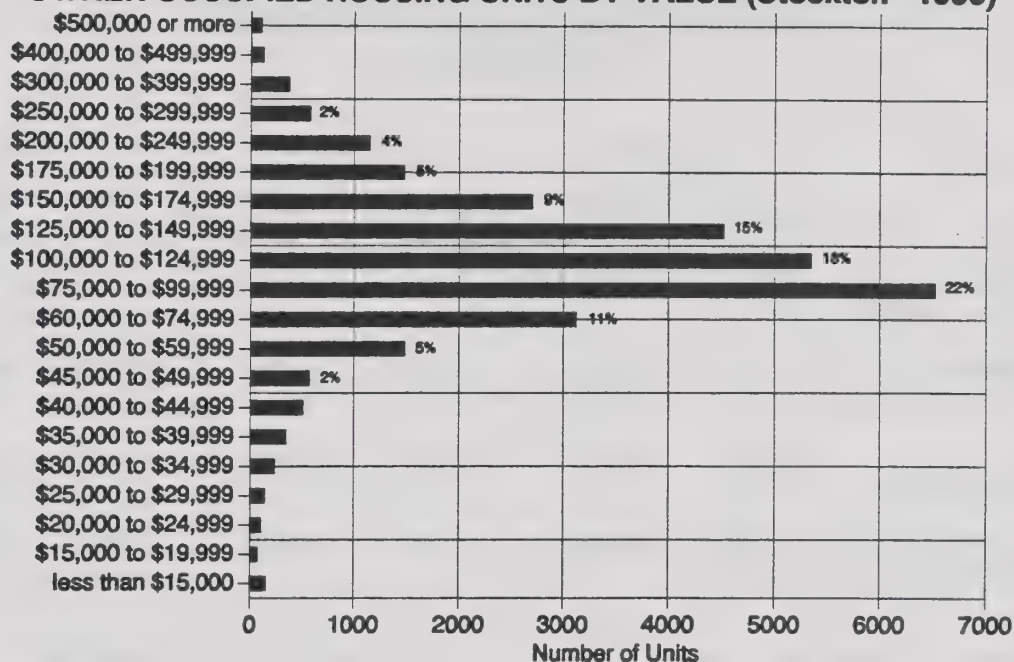
Stockton housing prices have continued to increase since 1980. By 1990 the median home value for the Stockton area was \$106,700 (1990 Census), 97% higher than the 1980 median home value of \$54,100. Even when one considers inflation, Stockton's housing prices have increased rapidly. The increase in the consumer price index for this 10 year period was approximately 59%. Figure III-4 illustrates the distribution of owner occupied housing units by value within Stockton for 1990. This figure shows that the largest number of homes were in the \$75,000 - \$99,000 range (22%). Figure III-5 shows the average annual residential sales price within Stockton from 1986 to 1991. Over this five year period residential sales prices, on average, have increased 8.7% per year.

For rental units, the percentage increase in median rent between 1980 and 1990 exceeded the percentage increase in median family income by approximately 87%. Median rent for the City of Stockton increased 153.1% between 1980 and 1990 whereas median family income increased by only 66% (Table III-14). One of the largest increases was in south Stockton in which rents increased 186% from 1980 to 1990. One possible reason for this occurrence is that even with a 186% increase, rent in south Stockton is still cheaper than north Stockton, thus the demand is greater for these so called "affordable units".

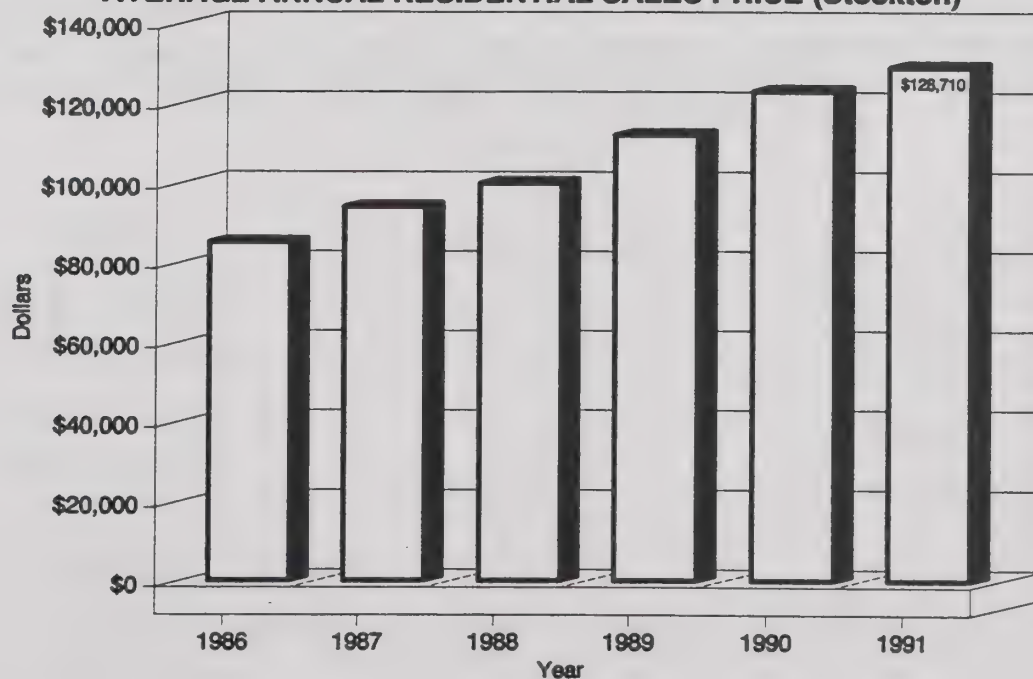
Detailed rental information for multiple-family units is not readily available. However, Associated Brokers surveyed 35 large multiple-family projects (100 units or more) in north Stockton in early 1992. The average rent for a one bedroom, one bathroom apartment was \$453 per month and \$486 per month for a two bedroom, one bathroom apartment. In 1983, rental levels for a one bedroom, one bathroom apartment were \$317 per month and \$369 per month for a two bedroom, one bathroom apartment. This represents an increase of 43% and 32% respectively over this 9 year period. Because rent levels for multiple-family units increased significantly faster than family incomes from 1980 to 1990, rent payments represented a financial burden to a large percentage of renters. Households which pay more than 25% of their income for housing (or 30% including utilities) are currently considered "cost burdened" by the U.S. Department of Housing and Urban Development (H.U.D).

Tables III-15 and III-16 illustrate the number of renter households paying more than 25% of their income for housing in 1980 and 1990. These tables show that a significant number (over 40%) of renters in the lower income categories (less than 80% of median) were paying 25% or more of their income for rent in 1980 and 1990. Although these figures merit concern, they do show a trend toward stability during the decade, with 43.7% of renters in 1980 and 48.5% in 1990 paying 25% or more of their income for rent. While renters may not have paid proportionally more in 1990, 48.5% of all renter households in the City paid rents of 25% or more of their income and such payments could have represented a financial burden.

It is interesting to note that, in contrast with the figures for renters, housing cost figures for home owners show interesting variation. As reported above, the change in median home value outpaced the change in median family income between 1980 and 1990 within the City of Stockton (97% vs. 66%, Table III-15). This finding leads to the conclusion that home ownership has become less affordable.

FIGURE III-4**OWNER OCCUPIED HOUSING UNITS BY VALUE (Stockton - 1990)**

Source: 1990 Census

FIGURE III-5**AVERAGE ANNUAL RESIDENTIAL SALES PRICE (Stockton)**

Source: Stockton Board of Realtors

TABLE III-15

**COST BURDENED HOUSEHOLDS SPENDING AT LEAST
25% OF INCOME FOR HOUSING (1980)
City of Stockton**

Households	Renter		Owner		Total	
	Total	% of Renter Households	Total	% of Owner Households	Total	% of Total Households
Other Low Income (Less than 80% of Median)	11,514	43.7%	2,752	9.5%	14,266	25.8%
Very Low Income (Less than 50% of Median)	8,057	30.6%	1,642	5.7%	9,699	17.5%
Low Income (50%-80% of Median)	3,457	13.1%	1,110	3.8%	4,567	8.3%
Moderate & Low Income (Less than 120% of Median)	13,020	49.4%	4,056	14.0%	17,076	30.9%

Source: 1980 Census, U. S. Bureau of the Census

Table III-16 shows the number of home owner households which paid 25% or more of their income for monthly ownership costs in 1990. On a City wide basis, 30.7% of home owner households paid 25% or more of income for their housing, a percentage slightly higher than that of renter households. This finding would lead one to conclude that housing costs, relative to their income, were less for home owners than for renters. There are two factors which help to explain this seeming contradiction concerning the affordability of home ownership. One factor is that home owners tend to have higher incomes than renters. Table III-17 supports this conclusion.

TABLE III-16

**COST BURDENED HOUSEHOLDS SPENDING AT LEAST
25% OF INCOME FOR HOUSING (1990)
City of Stockton**

Households	Renter		Owner		Total	
	Total	% of Renter Households	Total	% of Owner Households	Total	% of Total Households
Other Low Income (Less than 80% of Median)	17,179	48.5%	3,934	11.8%	21,113	30.7%
Very Low Income (Less than 50% of Median)	11,470	32.4%	2,412	7.2%	13,882	20.2%
Low Income (50%-80% of Median)	5,709	16.1%	1,522	4.6%	7,231	10.5%
Moderate & Low Income (Less than 120% of Median)	20,052	56.6%	5,859	17.6%	25,911	37.7%

Note: Figures are based on the 1990 S.J. County Median Household Income of \$30,635.

Source: 1990 Census (STF3), U. S. Bureau of the Census (as adjusted by Planning Staff)

TABLE III-17

**SELECTED OWNER AND RENTER HOUSEHOLDS
WITH INCOMES OF \$20,000 OR MORE (1990)
City of Stockton**

Income	Owner Households	Renter Households
\$20,000 - \$34,999	6,827	9,624
\$35,000 - \$49,999	6,638	4,161
\$50,000 or more	10,731	2,664
Total Households	24,196	16,449

Source: 1990 Census (STF3), U.S. Bureau of the Census

Table III-17 shows that there were 16,449 renter households in the City in 1990 with an income over \$20,000. This compares to 24,196 owner households who had an income over \$20,000. A second factor relates to the fixed nature of home ownership costs. Renters housing costs can usually be changed monthly or yearly depending on lease conditions. In contrast, home ownership costs for principal and interest payments are usually fixed at the time the loan is secured.

Fixed interest loans allow home owners to enjoy relatively stable housing costs while family income may rise. Over time, this phenomenon results in home owners paying smaller and smaller percentages of income for housing. This advantage of home ownership is dependent upon a fixed interest rate mortgage and the length of time living in the same home. The recent and increasing use of variable interest rate mortgages can also make home ownership a reality since the initial variable rate is typically lower than a 30-year fixed rate. However, variable rates are subject to change due to economic conditions and therefore offer little stability.

The costs of buying a home (new or resale) have increased much faster than incomes resulting in people spending increased percentages of income for housing. However, relatively few homes are bought at any one time. For example, in 1990, 3,911 homes were sold, representing 4.2% of the total number of housing units in metropolitan Stockton. The few home owner households which have recently purchased a home and are paying high percentages of income are averaged with a much larger number of home owner households having owned the same home for a longer time and paying low percentages of income for housing costs.

HOUSEHOLD CHARACTERISTICS

Residents of the Stockton metropolitan area are classified, for census purposes, as either residents of households or residents of group quarters. In 1990, members of households represented 97% of the population. Of the 89,143 households in the metropolitan area, approximately 49% are in north Stockton and 51% are in south Stockton.

Group Quarters

Of the approximately 2.3% of the area's population that resided in group quarters, the majority lived in central Stockton (south of the Calaveras River), where the University of the Pacific is located. Further to the south was the second largest group quarter population, largely a result of the inmate population at the County jail. Table III-18 indicates the group quarters and household population for the metropolitan area.

TABLE III-18

GROUP QUARTERS AND HOUSEHOLD POPULATION (1970-1980-1990)
Metro Stockton

	Group Quarters Population						Household Population					
	1970		1980		1990		1970		1980		1990	
Subarea	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%
North Stockton	459	7%	842	15%	1,088	18%	42,519	25%	85,789	43%	127,830	49%
South Stockton	5,924	93%	4,707	85%	5,089	82%	126,606	75%	114,051	57%	135,458	51%
Metro Stockton	6,383	100%	5,549	100%	6,177	100%	169,125	100%	199,840	100%	263,288	100%

Source: 1970, 1980 and 1990 Census (STF3), U. S. Bureau of the Census.

Households

It is important to understand the characteristics of the metropolitan area's households if housing needs are to be analyzed. Because Stockton has experienced a rapid growth in housing units and population, there have been some changes in the characteristics of household formations. These changes in household characteristics will be detailed in following sections; some of the factors are highlighted:

1. Larger family size, which means an increase in the household size (persons per unit).
2. A significant increase in one person households.
3. A decrease in the rate of marital disruption.
4. An aging population which means longer occupancy requirements for the population.

Household Size

The Stockton metropolitan area has typically followed State-wide and national trends for family sizes. From 1960 to 1980, the average household size in metropolitan Stockton dropped from 3.10 persons to 2.66 persons. However, from 1980 to 1990, the average household size increased to 2.96 persons (Table III-19). This jump in household size is, in part, due to the increase in the Asian and Pacific Islander population. California's Asian and Pacific Islander population went from 1,245,000 in 1980 to 2,846,000 in 1990, an increase of 127%.

TABLE III-19

HOUSEHOLD SIZES (1960-1970-1980-1990)
Metro Stockton

Subarea	1960			1970			1980			1990		
	Households	Pop. in Households	Pop. per Household	Households	Pop. in Households	Pop. Per Household	Households	Pop. in Households	Pop. Per Household	Households	Pop. in Households	Pop. Per Household
North Stockton	5,794	21,268	3.67	12,924	42,519	3.29	31,585	85,789	2.72	43,648	127,830	2.94
South Stockton	41,851	126,178	3.01	44,485	126,606	2.85	43,651	114,051	2.61	45,495	135,458	2.98
Metro Stockton	47,645	147,446	3.10	57,409	169,125	2.95	75,236	199,840	2.66	89,991	263,288	2.96

Source: 1960, 1970, 1980 and 1990 Census (STF3), U. S. Bureau of the Census.

Household size varies throughout the metropolitan area, with the largest households found within the city limits and the newly developing, predominately single-family areas according to 1990 census information. Historically, the smallest households have been in the downtown area.

Also, the household sizes of minorities and families below the poverty level were larger than for the population as a whole. Metro Stockton and the City of Stockton both show an increase in household sizes for 1990 as compared to 1980 (Tables III-19 & III-20). The metro and City household sizes increased from 2.66 and 2.71 in 1980 to 2.96 and 3.00 in 1990 respectively.

TABLE III-20

HOUSEHOLD SIZES (1960-1970-1980-1990)
City of Stockton

Year	Household Population	Occupied Housing Units	Average Persons Per Household
1960	80,184	27,742	2.89
1970	105,362	36,824	2.86
1980	149,779	55,335	2.71
1990	206,295	68,794	3.00

Source: 1960, 1970, 1980 and 1990 Census (STF3), U.S. Bureau of the Census

The 1990 Census also shows household sizes based on housing unit type (Table III-21).

TABLE III-21
SELECTED CHARACTERISTICS BY HOUSING UNIT TYPE (1990)
City of Stockton

Housing Unit Type	Total Housing Units	Occupied Housing Units	Household Population	Vacancy Rate	Persons Per Household
Single Family Detached	39,002	37,783	118,639	3.13	3.14
Single Family Attached	5,869	5,635	19,266	4.16	3.43
Two to Four Plexes	8,489	8,048	26,491	5.19	3.29
Five or more Units	16,943	15,232	37,047	10.10	2.43
Mobile Homes	2,222	2,106	4,764	5.22	2.26

Source: 1990 Census (STF1), U.S. Bureau of the Census

Marital Status

The marital status information for the metropolitan area provided by the census gives an indication of the relative stability of the area's households which, in turn, provide insights into existing and future housing needs. The growing number of single people increased more than 50% over the 1980 figure, which can be expected to result in a greater demand for rental housing. As shown on Table III-22, in 1990, there were over 20,000 men and women in the Stockton metropolitan area whose marriages had ended in divorce and who had not remarried. Marital discord had caused another 6,227 people to live apart from the persons they had married though they were not divorced at the time the census was taken.

As the table indicates, the number of married people increased by 12.4% between 1980 and 1990. Although there was a significant decrease from 1980 to 1990 among those who were separated (down 10%) or divorced (down 37%), marital disruptions for these two groups were still 3 to 4 times greater than the increase in married people for the 1980-1990 time period.

Age of Head of Household and Household Composition

As is described in the population background material, the aged represented a slightly larger segment of the population in the Stockton area than they do in the State as a whole.

According to the 1990 census, 21.2% of Stockton's households were headed by a person over 65 years of age. This amounted to 18,913 households in 1990.

TABLE III-22

MARITAL STATUS - 15 YEARS AND OLDER (1970-1980-1990)
Metro Stockton

Status	1970	1980	1990	<u>Change 1970-1980</u>		<u>Change 1980-1990</u>	
				No.	%	No.	%
Married	78,037	86,251	96,950	8,214	10.5%	10,699	12.4%
Separated	3,319	4,837	6,508	1,518	45.7%	1,671	34.5%
Divorced	7,273	13,563	20,279	6,290	86.5%	6,716	49.5%
Widowed	9,894	11,738	14,482	1,844	18.6%	2,744	23.4%
Single Person	32,442	37,000	54,623	4,558	14.0%	19,623	47.6%

Source: 1970, 1980 and 1990 Census (STF3), U.S. Bureau of the Census

Table III-23 presents data on the composition of households and families in the metropolitan area. The category "Non-Family Household" refers to the single person household and unrelated persons living together. The data indicates that, in 1990, this household type made up almost one-third of the total households in the metro area.

The 1990 census collected a substantial amount of information on single adult families, female-headed families, and children in such families. Because these family types generally have special housing needs, understanding the characteristics of these families in the planning area takes on greater importance.

In 1990, 17,004 or 19% of the metropolitan area's households were single adult family households, of which 13,133 or 77% were female-headed. Of the total female-headed households, 7,927 or 60% had children (Table III-23).

Within the City, 91% of all female-headed families below the poverty level were families with children. Among children as a group, the 1990 census reveals that 28% of the area's children (under 18 years old) lived in single-parent families but the percentage was much higher for the area's poor children; 48% of the families with children living below the poverty level were female-headed families.

TABLE III-23

HOUSEHOLD AND FAMILY COMPOSITION (1970-1980-1990)

Subarea	Non-Family Households			Husband-Wife Family Households			Single Adult Family Households			Female Headed Family Households			Male Headed Family Households		
	1970	1980	1990	1970	1980	1990	1970	1980	1990	1970	1980	1990	1970	1980	1990
North Stockton	1,750	8,373	11,333	10,192	19,138	25,094	982	4,074	7,221	803	3,228	5,706	179	846	1,515
	13.5*	26.5%	26.1%	78.9%	60.6%	57.7%	76.0%	12.9	16.6%	6.2%	10.2%	13.1%	1.4%	2.7%	3.5%
South Stockton	11,789	14,101	13,185	26,772	22,050	22,527	5,924	7,500	9,783	4,808	5,940	7,427	1,116	1,560	2,356
	26.5%	32.3%	29.0%	60.2%	50.5%	49.5%	13.3%	17.2%	21.5%	10.8%	13.6%	16.3%	2.5%	3.6%	5.2%
Metro Stockton	13,539	22,474	24,518	36,964	41,188	47,621	6,906	11,574	17,004	5,611	9,168	13,133	1,295	2,406	3,871
	23.6%	29.9%	27.6%	64.4%	54.7%	53.5%	12.0%	15.4%	19.1%	9.8%	12.2%	14.8%	2.3%	3.2%	4.3%

*Percent of total households

Source: 1970, 1980 and 1990 Census (STF3), U.S. Bureau of the Census

INCOME

Median Incomes

As was the case in 1980, the median annual incomes of families living in the County, metropolitan Stockton, and the City all fell below the State average in 1990 (Table III-24). The median family income for the City of Stockton was 25% below that of the State. The median family income for the City of Stockton rose from \$18,279 in 1980 to \$30,315 in 1990.

Metropolitan Stockton's median family income was \$31,080 which was slightly higher than that of the City. However, of the metro subareas, north Stockton had a median family income of \$38,273, compared to \$25,685 for south Stockton. North Stockton's median family income was approximately 6% below that of the State, while south Stockton was more than 36% below the State's median family income level.

Poor, Low, and Moderate Income Families

The definition of poverty level varies according to the size of the household and other factors. Poor families are defined as those unable to meet basic living needs of shelter, nutrition, and clothing without public forms of assistance. Low-income families (50% to 80% of median income) can be expected to meet basic needs under normal circumstances, but will often have to depend on public forms of assistance in emergencies. Moderate-income families (80% to 120% of median income) have incomes and access to private forms of assistance normally sufficient to meet basic living needs and provide for emergencies without recourse to public forms of assistance.

TABLE III-24

MEDIAN FAMILY AND HOUSEHOLD INCOME (1980-1990)

Area	1980				1990			
	Median Family Income	% of State Median	Median Household Income	% of State Median	Median Family Income	% of State Median	Median Household Income	% of State Median
California	\$21,541	100%	\$18,243	100%	\$40,559	100%	\$35,798	100%
San Joaquin County	\$19,120	88.8%	\$16,071	88%	\$34,701	86%	\$30,635	86%
Metropolitan Stockton	\$18,636	86.5%	N/A	N/A	\$31,080	77%	\$27,450	77%
City of Stockton	\$18,279	84.9%	\$14,791	81%	\$30,315	75%	\$26,876	75%

Source: 1980, 1990 Census (STF3), U.S. Bureau of the Census

The Federal Government establishes the poverty level figures on a national basis which are then used by all jurisdictions. In 1990, a family of four was defined as poor if its gross yearly income was below \$12,674, this is approximately 42% of the S.J. County's median household income (the State Department of Housing and Community Development prefers that local jurisdictions use their county's median household income level for analyzing cost burdened households - Table III-24).

The 1990 census data shows there were 8,327 families below the poverty level in the City of Stockton, or 17% of all families. For metropolitan Stockton the data shows there were 9,971 families below the poverty level, or 15.4% of all families. Of this total, north Stockton contained 38% (5.8% of all families) of the families below the poverty level while south Stockton contained 62% (9.6% of all families) (Table III-25).

TABLE III-25

POVERTY STATUS BY FAMILY TYPE (1990)
Metropolitan Stockton

Area	Married Couple		Male Householder		Female Householder	
	Above Poverty	Below Poverty	Above Poverty	Below Poverty	Above Poverty	Below Poverty
North Stockton	23,275	1,819	1,333	182	3,964	1,742
South Stockton	19,624	2,903	1,882	474	4,576	2,851
Metro Stockton	42,899	4,722	3,215	656	8,540	4,593

Source: 1990 Census (STF3), U.S. Bureau of the Census

An examination of the types of families below the poverty level in 1990 reveals that female-headed families, as earlier described, are particularly susceptible to poverty status, with nearly 35% of the total families below the poverty level so classified. Just over 90% of all female-headed families below the poverty level contained children under 18 years old.

With regard to families below the poverty level, south Stockton represented 62% of those families headed by a female and 59% of families with children under 18.

Overcrowding

Housing units with more than 1.01 persons per habitable room are considered to be overcrowded (bathrooms, porches, halls and balconies are not considered habitable rooms). Severely overcrowded units are defined as those with more than 1.5 persons per habitable room.

The City of Stockton, as well as metro Stockton, has experienced a dramatic increase in the number of housing units considered to be overcrowded during the last decade. The rate of overcrowding more than doubled (from 7% to 16.8% - City of Stockton, 7.2% to 15.3% - metro Stockton) between 1980 and 1990 (Table III-26). Overcrowding increased across the board with the State showing the smallest increase of just under 5% (Table III-26).

Overcrowding was much more predominant in renter occupied households than in owner occupied households. Renters made up nearly 80% of the overcrowded households and 85% of the severely overcrowded households.

Severely overcrowded households made up nearly 10% of all housing units in 1990 (Table III-27). The increase in overcrowding can be attributed to increasing housing costs forcing individuals and/or families to share housing as well as the costs.

TABLE III-26

PERCENT OF OCCUPIED HOUSING UNITS OVERCROWDED (1970-1980-1990)

Area	1970	1980	1990	Change 1970-1980	Change 1980-1990
California	7.9%	7.4%	12.3%	-0.5%	+4.9%
San Joaquin County	9.6%	6.3%	12.4%	-3.3%	+6.1%
Metropolitan Stockton	9.6%	7.2%	15.3%	-2.4%	+8.1%
City of Stockton	8.7%	7.0%	16.8%	-1.7%	+9.8%

Source: 1970, 1980, 1990 Census (STF1), U.S. Bureau of the Census

TABLE III-27

OVERCROWDED HOUSEHOLDS (1980-1990)

City of Stockton

	<u>Overcrowded Households</u>		<u>Severely Overcrowded Households</u>		<u>Total Households</u>	
1990 Total	11,529	16.8%	6,783	9.9%	68,794	100.0%
Renter	9,142	25.8%	5,790	16.3%	35,441	100.0%
Owner	2,387	7.2%	993	3.0%	33,353	100.0%
1980 Total	3,888	7.0%	1,678	3.0%	55,335	100.0%
Renter	2,546	9.7%	1,206	4.6%	26,349	100.0%
Owner	1,342	4.6%	472	1.6%	28,986	100.0%

Note: Overcrowded figure includes severely overcrowded

Source: 1980 and 1990 Census (STF1), U.S. Bureau of the Census

Mobility

The information provided by the census on mobility gives an indication as to the stability of the population and the areas from which and to which residents are moving. Of Stockton's population which was 5 years old or older in 1990, 56.3% moved at least once between 1985 and 1990 (Table III-28).

TABLE III-28

MOBILITY (1985-1990)

Area	Percent of the Population that Moved
California	55.6% of the population moved
San Joaquin County	54.4% of the population moved
Metropolitan Stockton	53.2% of the population moved
City of Stockton	56.3% of the population moved

Source: 1990 Census (STF3), U.S. Bureau of the Census

The rates of mobility in the County and the metropolitan area were slightly lower than the State, while the City's mobility was slightly higher than the State average (Table III-28). In north Stockton, 68,378 or 58% of the residents moved at least one time between 1985 and 1990. This is to be expected, since this was the area in which most of the metropolitan residential growth took place between 1980 and 1990.

Although Table III-28 shows that 56.3% of the City's population over five years of age had moved at least once in the five years measured, Table III-29 shows that 66,114 or 61.4% of those mobile people had moved from another home within San Joaquin County. The data shows that 5% of the City's population over five years of age moved from areas outside the County.

Consistent with the high mobility figures, people tend to occupy their housing unit for a short period of time, this is particularly true of renters. In 1990, 19,192 or 28% of the total occupied housing units were occupied for less than approximately one year (18% were owners and 82% were renters). The majority of householders (31%) occupied their housing units for approximately 1 to 5 years (Table III-30).

TABLE III-29

RESIDENCE IN 1985 OF 1990 RESIDENTS*

1985 Residence	City of Stockton	San Joaquin County	State of California
Same House	83,468	200,352	12,146,574
Different House but within San Joaquin County	66,114	133,635	N/A
Different County but within California	21,247	67,636	3,237,662
Out of State	11,603	23,305	1,974,833
Out of Country	8,680	14,282	1,498,608

*Persons 5 years and older

Source: 1990 Census (STF3), U.S. Bureau of the Census

TABLE III-30

YEAR HOUSEHOLDER MOVED INTO UNIT
City of Stockton

Year	Total Units		Owner Occupied		Renter Occupied	
	No.	%	No.	%	No.	%
1989 to March 1990	19,192	28	3,548	18	15,644	82
1985 to 1988	21,167	31	7,879	37	13,288	63
1980 to 1984	8,854	13	4,762	54	4,092	46
1970 to 1979	10,731	16	8,868	83	1,863	17
1960 to 1969	4,212	6	3,863	92	349	8
Before 1960	4,638	6	4,433	96	205	4

Source: 1990 Census (STF3), U.S. Bureau of the Census

HOUSING PROBLEMS AND NEEDS

In order to develop strategies and programs to help provide all economic segments in the community with adequate housing, Stockton's housing needs and problems must be adequately assessed. This section attempts to quantify the City's housing needs to establish a basis for the formulation of housing goals, policies and programs.

In accordance with State law, this section addresses three types of housing needs. First, it quantifies Stockton's existing housing needs for all income levels. Second, there is an examination of the special housing needs of the elderly, handicapped, minorities, large families, farm workers and the homeless. Third, this section projects housing needs over the next five years for market rate and nonmarket rate housing, including the City's fair share of the region's housing needs.

Before beginning with the analysis of the various housing needs, this section discusses a special housing problem; the possible loss of federal housing subsidies at several low-cost apartment complexes through their conversion to market-rate housing.

Possible Loss of Federally Subsidized Housing Units

Federal housing policy for the last 30 years has evolved various subsidy programs that provided incentives to private, for-profit builders to construct and operate low-income and moderate-income rental housing. In exchange for these subsidies, owners agreed to rent their units at levels affordable to low-income and moderate income persons. To further stimulate participation, owners were offered an additional incentive, the option to convert to market rate rents by prepaying their mortgages or opting out of their rental contracts prior to maturity.

Where prepayment or opt-out occurs, the underlying mortgage-base interest subsidy or project-based rental subsidy is terminated. Also terminated is the federal government's contractual ability to keep rents affordable. Owners are then free to increase rents to market levels, or convert the rental units to condominium units (subject to meeting Stockton's conversion standards), or even change the building to non-housing uses. Without these subsidies, the involuntary displacement of existing tenants is often the outcome.

Within Stockton, a total of 1,269 rental units within 12 apartment complexes may be subject to termination of federal mortgage and/or rent subsidies within the planning period of the General Plan (by year 2008). By 1995, 828 of these units may be subject to termination. State law (Government Code Section 65863.10) requires at least six months advance notice to the tenants and to the City of Stockton prior to any termination of rental housing assistance or prepayment of mortgages. In preparation for the possible conversion of these lower cost rental units to market rates the City had an at risk housing unit analysis prepared which is included as appendix A at the end of this chapter.

(Refer to Appendix A at the end of this Chapter for an analysis on the Preservation of Assisted Housing Units)

Affordability

State housing policy recognizes that the cooperative participation of the private and public sectors is necessary to expand housing opportunities to all economic segments of the community. A primary goal of this element is the provision of a decent home and a satisfying environment that is within the economic means of the households which occupy it. The private sector is generally responsive to the majority of a community's housing needs through the production of market rate housing. However, market rate housing has become increasingly costly to produce and sell, and as a result, even families with moderate incomes are being forced out of the home buying market. The federal government categorizes household income in various ways. Very low-income households are those earning less than 50% of the area-wide median income and other low-income households are those earning between 50% and 80% of the area-wide median income. Moderate-income households are those earning between 80% and 120% of the area-wide median income and above moderate-income households are those earning more than 120% of the area-wide median income. All of these categories are adjusted for household size. In order to estimate the number of low-income and moderate-income households, the following information on Table III-31 from the 1990 U.S. Census is presented. This material indicates that in 1989, 25% of all Stockton households had very low incomes, 15% had low incomes and an additional 20% of all City households had moderate incomes.

TABLE III-31

MODERATE AND LOW-INCOME HOUSEHOLDS (1990)

Area	Median Household Income	Very Low ¹ Income Households	Other ² Low Income Households	Moderate ³ Income Households	Above ⁴ Moderate Income Households
City of Stockton (% of Total)	\$26,876	16,972 (25%)	10,308 (15%)	13,657 (20%)	27,986 (40%)
San Joaquin County (% of Total)	\$30,635	37,194 (23%)	27,859 (18%)	30,684 (19%)	62,922 (40%)

1. Very low income is less than 50% of the area-wide median income.

2. Other low income is between 50% and 80% of the area-wide median income.

3. Moderate income is between 80% and 120% of the area-wide median income.

4. Above moderate income is over 120% of the area-wide median income.

Source: 1990 Census (STF3), U.S. Bureau of the Census

The 1990 U.S. Census provides information concerning housing costs as a percentage of income. This information is available for owner and renter households (Table III-32). This information shows that in 1990 there were 11,576 owner occupied households paying more than 25% of their income towards housing costs within the City of Stockton. This represents approximately 39% of all owner occupied households.

Of the very low and low income groups 60% and 37% respectively were overpaying for housing.

With respect to renters burdened by excessive payments for housing within the City, 23,121 renter households were paying more than 25% of their income towards housing. This represents 68% of all renter households. Of the very low and low income groups 89% and 71% respectively were overpaying for housing.

TABLE III-32

**OWNER & RENTER HOUSEHOLDS PAYING 25% OR MORE OF
INCOME FOR HOUSING BY INCOME CATEGORY (1990)
City of Stockton**

	Very Low ¹			Other Low ²			Moderate ³			Above Moderate ⁴		
	Total	Number Over- paying	Percent Over- paying	Total	Number Over- paying	Percent Over- paying	Total	Number Over- paying	Percent Over- paying	Total	Number Over- paying	Percent Over- paying
Owner	4,026	2,412	60%	4,100	1,522	37%	4,551	1,925	42%	17,369	5,717	33%
Renter	12,852	11,470	89%	8,092	5,709	71%	6,416	2,873	43%	6,825	3,069	45%

1. Very low income is less than 50% of the area-wide median income.
2. Other low income is between 50% and 80% of the area-wide median income.
3. Moderate income is between 80% and 120% of the area-wide median income.
4. Above moderate income is over 120% of the area-wide median income.

Note: Figures are based on the 1990 S.J. County Median Household Income of \$30,635.

Source: 1990 Census (STF3), U.S. Bureau of the Census

While many households willingly choose to spend more than 25% of their income for mortgage or rent payments, to do so reduces income available for other necessities such as food, clothing, and transportation. The lack of decent affordable housing often leads to overcrowding, the continued occupancy of deteriorated units, and other related housing problems.

Suitability - Habitability

Problems of suitability and habitability refer to the number of households occupying dwelling units which are in need of rehabilitation or replacement. An unsuitable unit is defined as a housing unit which, in its present state, endangers the health, safety, or well being of its occupants in one or more respects and is either economically feasible to repair (suitable for rehabilitation), or is substandard (may need replacement). A structure rated as substandard has accumulated a number of deficiencies or major failures in the foundation, roof structure, subfloor structure, walls and porches, and may be beyond the point of rehabilitation.

Estimates of the number of housing units in substandard condition are from the City's 1988-1991 Housing Assistance Plan HAP, (see "Condition of Housing" data section, page III-13). The 1988-1991 HAP estimated 7,291 housing units as being suitable for rehabilitation. Of these units, 3,063 are occupied by very low and other low-income households; 1,217 are owner occupied and 1,846 are renter occupied. It is further estimated, using the 1988-1991 HAP, that 485 housing units which are occupied by very low and other low-income households are substandard and should be replaced; 65 are owner occupied and 420 are renter occupied.

Overcrowding

The provision of housing which contains enough rooms to provide reasonable privacy for its occupants is a goal of this housing element. A reasonable privacy standard is the provision of at least as many rooms as there are persons in the household. Overcrowding exists when the ratio of persons to rooms within the household exceeds 1.01 persons per room according to federal and State standards. Bathrooms, porches, halls and balconies are not counted in determining the ratio of persons to rooms.

The percentage of overcrowded units is increasing. Overcrowding is of particular concern in those areas least able to correct the situation, such as south Stockton. In 1990, there were 13,645 overcrowded units in metropolitan Stockton and 11,529 overcrowded units in the City of Stockton. These figures represent 15.3% and 16.8% of the metropolitan area and City's total households respectively (see Tables III-26 and III-27, page III-28). Within the City, these 11,529 overcrowded units were divided into 2,387 (21%) owner occupied units and 9,142 (79%) renter occupied units.

Housing Needs of Special Groups

In addition to analyzing housing needs related to affordability, overcrowding, and suitability, State law requires localities to analyze the special housing needs of the elderly, handicapped, large families, families with female heads of households, farm workers, homeless and others the locality deems appropriate. The following section provides information which may be helpful in determining the scope and direction of the City's housing policies and programs. It should be noted that due to the lack of detailed income and housing cost information for these special need groups, estimates will be made only for those with low incomes paying 25% or more of their gross income for housing costs. Low-income is the combination of the income categories of very low-income and other low-income and is defined as an income less than 80% of the area-wide median income.

Elderly Housing

The elderly (65 years and older) have special housing needs. This is also the largest single "special" group. The housing needs of this group are based on a number of factors: age, health, economic status, family arrangement, and homeownership. Particular needs for the elderly include smaller and more efficient housing, barrier-free and accessible housing, and a wide variety of housing with health care and/or personal services. In 1990, 21,867 elderly persons resided in the City of Stockton. This represented 10.4% of the total population. Elderly headed households totaled 15,002. Of these elderly headed households, 5,777 or 38.5%

were paying 25% or more of gross income for housing (2,070 owner occupied and 3,707 renter occupied). It is estimated that 1,479 elderly households had incomes below the poverty level and were in need of housing assistance.

Handicapped/Disabled

The handicapped/disabled population covers a broad range of disabilities from the physically disabled, including the blind and deaf, to the developmentally disabled and the chronically mentally ill. Each has a need of housing which compensates for their individual handicaps and takes advantage of their unique abilities. As a result of various rehabilitation programs, many are now ready and able to participate actively in the community to some degree. Many, however, are poor in addition to requiring special design considerations such as single-level units, availability of services, group living opportunities, and proximity to transit and other design and location criteria. While new regulations adopted by the State require all ground floor units of new apartment complexes with five (5) or more units to be accessible to disabled persons, single-family units have no such requirements.

The 1990 Census indicates that there were 14,486 persons in the City of Stockton with a permanent or semi-permanent disability which prevented them from working. Based on projections from 1980 Census information, it is estimated that 2,173 households in need of housing assistance contained handicapped persons as of 1990.

Minority Households

In 1990, minority's comprised 54% of the City's 68,923 total households. Of the 36,954 minority households, 13,426 or 36.3% were Hispanic, 6,636 or 18% were Black, 836 or 2.2% were American Indian, Eskimo, or Aleutian, 10,767 or 29% were Asian or Pacific Islander, and 5,289 or 14% were classified as other.

Approximately 20,071 of these minority households were low income, of this number it is estimated that 11,732 or 58% had incomes below the poverty level and were in need of housing assistance in 1990.

Female-Headed Households

According to DHCD (State Department of Housing and Community Development) and the National Low Income Housing Coalition's Women and Housing Task Force, the female headed household group is probably the group with the most extensive housing needs and is disproportionately affected by the current housing situation. This housing need is exacerbated by a lack of adequate and affordable child care which would enable the mother to pursue ways of increasing her earning capacity. According to the Family Resource and Referral Center serving San Joaquin County, infant child care (0 to 2 years) averages \$85 to \$100 per week and normal child care (2 years and older) averages \$65 to \$75 per week. This additional financial burden means that few women are able to work and care for their children.

Housing

The 1990 U.S. Census indicated that 10,534 female-headed households existed within the City of Stockton. This represented 15.3% of the City's 68,923 households. Of these female-headed households, 3,829 or 36.3% had incomes below the poverty level and were in need of housing assistance in 1990.

Large Families

In 1990, large families with five or more persons comprised 12,909 households or 18.7% of all households in Stockton. The 1990 Census identifies 12,676 occupied housing units with 5 or more persons (5,042 owner occupied and 7,634 renter occupied), however, there is no current information from which to determine the need for housing assistance. Nevertheless, projections based on 1980 Census figures result in 2,581 households in need of assistance, 2,091 renter households and 490 owner households.

Farmworkers

As an agricultural area, San Joaquin County historically has experienced a special housing need for migrant farm workers. In 1988 the City of Stockton housed approximately 2,750 year-round farmworkers and provided an estimated 1,300 affordable hotel and apartment units available to migrant farmworkers and the general population in 1988.

A farmworker housing need assessment was conducted by the Asociacion Campesina "Lazero Cardenas" (ACLC) Stockton area in 1989. A survey of farmworkers revealed some of the housing needs of this population. The average farmworker household would be considered a "large family", with 5.2 persons per household. They experienced high levels of overcrowding, averaging 2.5 persons per room. Substandard housing was also a common problem, with nearly 43% of respondents reporting the condition of their residence as inadequate.

This population is overwhelmingly lower income. In 1988, 82% of farmworker families were very low income (with incomes falling below 50% of the San Joaquin County median income), according to the Rural California Housing Corporation Farm Labor Survey.

Although the migrant housing problem is not particularly acute within the City limits, there continues to be a significant need in the County as a whole. An indication of the unmet need for lower income housing for farmworkers and for the population as a whole is the length of the waiting list for the Housing Authority's housing units. In 1989, the Housing Authority of the County of San Joaquin owned a total of 1,075 lower income housing units. The families on the waiting list numbered over 2,430. Although public migrant housing projects are located outside of Stockton, the farmworker population plays a definite role in the present and future dynamics of Stockton's total population and housing situation.

Homeless Individuals and Families

The housing needs of homeless persons are more difficult to measure and assess than those of any other population subgroup. Since these individuals have no permanent addresses, they are not likely to be counted in the census, and, since they are unlikely to have stable employment, the market provides few housing opportunities.

Most of San Joaquin County's homeless population can be found in the City of Stockton. A study of the homeless of San Joaquin County was commissioned by San Joaquin County Mental Health and conducted by Mendelson & Associates during 1986-87. The results showed over 75 percent of the County's homeless families and 85 to 90 percent of individuals are located in Stockton. This large concentration is due partly to the fact that Stockton is the largest city in the County (in 1990, the City's population represented 43.9 percent of the County's total population). However, other factors contribute to make Stockton the County's center of homelessness:

- Stockton is the location of most of the low cost housing in the County.
- Public assistance can only be accessed in Stockton.
- Most emergency housing for families is in the Stockton metropolitan area.
- The size and variation of the City landscape allows some of the homeless population to remain "invisible".

The Mendelson study indicated that between 2,200 to 2,700 people within San Joaquin County were considered homeless at any point during the year. These included sheltered and unsheltered individuals and families, people who entered County operated rehabilitative or correctional programs from a homeless condition and those on General Relief. This translates to a homeless population of between 1,870 to 2,295 persons in Stockton (at an average of about 85% of the County total) with a higher number of homeless in the summer months.

The County's General Relief program provides temporary emergency assistance (housing and food) to indigent individuals. The end of month average caseload for the General Relief program was 850 individuals, mostly men. Approximately 60 percent of the General Relief recipients lived within a one mile radius of the County's Public Assistance Department in downtown Stockton and an additional 31 percent reside elsewhere in Stockton. Thus about 775 General Relief recipients are located in Stockton with most occupying single room occupancy hotels (estimated at about 500 individuals). The homeless population in Stockton exclusive of those on General Relief, who may be assumed to be "appropriately housed", ranged between 875 to 1250 persons in 1987.

In June of 1989, a supplemental report was issued by Mendelson and Associates which focused on the homeless families within the County. It stated that at any given time during the year there are, conservatively, between 90 and 130 homeless families in San Joaquin County who are being sheltered through existing programs and an additional 30 to 50 unsheltered families. Based on an average of 3.5 persons per family, these figures translate to between 315 to 455 homeless people receiving shelter and between 105 to 175 who remain outside the shelter system.

Most City and County families who become homeless are already living at or below the poverty level. The study reported: "While it is true that there are many underlying reasons for people not being able to pay their rent, some of which are of their own making, it is also becoming increasingly clear that poor people are finding it more difficult to find, obtain, and remain in affordable housing."

Updated (1991-1992) estimates of Stockton's homeless population are provided in the following table (Table III-33). About 2,117 homeless persons live in Stockton. Of these, 1484 receive some sort of public support. Shelters provide beds for 415 of the remaining 633 homeless persons, indicating a need for shelter for 218 people in Stockton.

The data shows that families constituted 20 percent of the total homeless population. Approximately half of these families were single parent families, the great preponderance headed by women. It was estimated that 35 percent of the homeless family population are adults and 65 percent are children.

TABLE III-33
ESTIMATED HOMELESS POPULATION (1991-1992)
City of Stockton

Homeless	Annual Average	Public Support*	Net Homeless	Shelter Capacity	Indicated Need
A. Number of Families with Children	120	48	72	42	30
B. Members of Families	430	168	262	147	115
C. Individuals	1,687	1,316	371	268	103
D. TOTAL (B+C)	2,117	1,484	633	415	218

*Public Support includes AFDC temporary relief, institutions and General Relief.

Source: 1992 CHAS, City of Stockton

Existing Facilities

In response to the existing need, several nonprofit agencies provide services to homeless individuals and families within the City of Stockton.

Stockton Shelter for the Homeless - Stockton Family Shelter (301 South San Joaquin Street): emergency housing space for families, single parents, and couples; maximum space available is for 20 families (70-80 people); meals and support services are provided.

Stockton Shelter for the Homeless - Single Shelter (611 West Church Street): an emergency shelter program for single men and women with a normal capacity of 148 beds (113 men, plus an additional 50 men during the winter months, and 35 women). Showers, an evening snack, and access to support services are available.

DAWN House (930 North Commerce Street): a shelter, with all necessary support services, only for battered women and their children, provides up to four weeks of emergency housing; the shelter has 35 beds.

Gospel Center Rescue Mission - New Life Program for Men (229 East Church Street): housing for up to 85 single men at normal capacity.

Gospel Center Rescue Mission - New Hope Family Shelter (403 South San Joaquin Street): emergency shelter and meals for approximately six families (24 people).

Salvation Army (1305 East Weber Avenue): provides emergency food, rehabilitation services, referrals, assistance with utilities, and occasional vouchers to house families for one or two nights.

St. Mary's Dining Hall (345 West Sonora Street): provides free meals and support services; showers, clothing, a limited job preparation program, and a free medical/dental clinic.

Emergency Food Bank (7 West Scotts Avenue): food for individuals and families who are homeless or at risk of being homeless through one main site and three satellite locations.

San Joaquin County Mental Health Services: provides an "on-the-street" outreach program, as well as a crisis evaluation center with individual case management, emergency vouchers for life support activities, and crisis housing, for the homeless mentally ill in all local communities. Mental Health also has contracts with community based organizations to supply additional services to the mentally ill homeless.

San Joaquin County Substance Abuse Treatment Services: provides "on-the-street" substance abuse counseling for the homeless; services are available to all County residents but are concentrated in the Stockton area. Other programs include a residential treatment center, an acute alcohol detoxification program, and a program for public inebriates.

Homeless Advocacy Program: provides a wide range of assistance and advocacy services to homeless individuals and families designed to obtain employment, housing, and/or entitlement benefits; the program works with the homeless throughout the County, with its main emphasis in Stockton. This program also currently administers funds from the State used to assist those at risk of becoming homeless.

Non-profit organizations, primarily Red Cross and community churches, also provide individuals and families in need with emergency housing and food on a very limited basis.

Analysis of Need

Local governments and private charities, both with limited resources, have been overwhelmed by the magnitude of the homeless problem. Most shelters in the City, as well as in the County, operate at or near capacity year round. During maximum times of need (winter months) there are more homeless persons than shelter spaces.

Housing

The Stockton Shelter for the Homeless is in the process of relocating to another building on their present site which will eventually allow for an increased capacity for eight (8) families (approx. 28 persons). Additionally they have an overflow capacity for 50 persons in their singles shelter during the winter months.

The Housing Authority of San Joaquin County has contracted with the Stockton Shelter for the Homeless to turn a farm labor camp in French Camp (south of the City limits but within the Stockton General Plan area) into an overflow shelter for up to 10 to 12 families (40 to 60 people) from December to April on a yearly basis.

It is currently estimated that 218 persons are in need of shelter space (103 individuals and 115 family members). At best, during the winter months when shelter space is at peak demand, the above facilities could accommodate approximately 130 persons (50 individuals and 20 families). It is likely that more than 50 individuals and 10 families could be turned away because of lack of space.

Transitional Housing

Transitional housing, though a subset of the housing needs of the homeless, differs from emergency shelter needs in several important ways. Transitional housing provides shelter for a longer period of time than is generally available in homeless shelters. Transitional housing also includes various social services and counseling programs to assist the person or family to become self-sufficient and to acquire permanent income and housing.

Two of the facilities providing services to the homeless include transitional housing components. The DAWN House provides various support services and helps participants obtain long-term housing. The Gospel Rescue Mission provides transitional services for up to 30 persons focusing on educational and rehabilitation programs.

The 1989 CHAP identifies seven halfway houses in Stockton providing transitional housing services. Six of these halfway houses primarily serve the needs of recovering alcoholics, accommodating a total of 30 persons. One halfway house serves the needs of released jail inmates and their families, accommodating up to 25 people. While these halfway houses provide transitional housing, they are not focused on the needs of the homeless.

It is estimated by the 1989 CHAP that one-third of the single homeless and one-half of homeless families in the City could more properly be served by transitional housing. Using the 1991-92 estimate of 371 homeless individuals and 75 homeless families (262 persons), Stockton has a need for transitional housing to serve 124 individuals and 38 families (133 persons). Given the transitional services provided by DAWN House and the Gospel Rescue Mission, Stockton has an unmet need for transitional housing for an estimated 227 people.

Households Needing Assistance - 1990

Table III-34 presents certain identified housing stock needs and the needs of special low-income households. This table is based on data from the 1990 U.S. Census, the 1988-91 City of Stockton Housing Assistance Plan, and City of Stockton estimates. It should be noted that only the figures for the number of housing units suitable for rehabilitation and in need of replacement

are from the 1988-91 Housing Assistance Plan. The figures in the Housing Assistance Plan estimating the number of low-income households in need of assistance is based on a definition different from that used in the Housing Element. The Housing Assistance Plan defines those households with housing needs as households with an income less than 80% of the City median paying 30% or more of their adjusted income for housing. The Housing Element's definition of housing need is those households with an income less than 80% of the County median paying 25% or more of their gross income for housing.

TABLE III-34
IDENTIFIED HOUSING STOCK NEEDS (1990)
City of Stockton

	Suitable for Rehabilitation	In Need of Replacement	Overcrowded Units	Total
Owner	1,217	669	2,387	4,273
Renter	1,846	419	9,147	11,412
Total	3,063	1,088	11,534	15,685

Source: 1990 Census (STF1), U.S. Bureau of the Census, City of Stockton Housing Assistance Plan, 1988-1991

In Table III-35, it should be noted that the total of those with special housing needs is slightly greater than the total low-income households in need of assistance shown on Table III-32. The reason for this is that one person may have several special housing needs and is, therefore, identified in each category for which they have a need, but only once in the total. For example, a handicapped elderly woman who is a minority and the head of a large household living in an overcrowded unit suitable for rehabilitation appears in all the special need categories but only once in the total. By contrast, a white male-headed family of four with an income less than 80% of the City median paying rent in excess of 25% of the family income does not appear in any special need category but does appear in the total.

TABLE III-35
NEEDS OF SPECIAL LOW INCOME HOUSEHOLDS (1990)
City of Stockton

	Elderly/ Handicapped	Minority	Female Headed	Large Family	Total
Owner Households	N/A	N/A	N/A	490	---
Renter Households	N/A	N/A	N/A	2,091	---
Total	3,652	11,732	3,829	2,581	21,794

Source: 1990 Census (STF3), U.S. Bureau of the Census, City of Stockton Planning Division

FUTURE NEEDS

Housing Unit Projections

Housing unit projections for the years 2000 and 2010 were prepared in 1984 by the State Department of Finance for each County in the State. The San Joaquin County Council of Governments (COG), working with other local agencies and the State, refined these figures by allocating them to subareas within the County and each City. The figures in Table III-36 show the COG estimate of how many of the County's projected housing units will be captured by the Stockton metropolitan area. The table indicates that 63,734 occupied housing units will have been developed in Stockton over the 30 year period between 1980 and 2010, an increase over 30 years of slightly over 2,100 units per year. North Stockton will continue to be the recipient of the majority of the housing units constructed in the Stockton area. Between 1980 and 1990 the north area grew by 38% from 31,585 to 43,497 occupied units compared to a 4% increase in occupied units in south Stockton during the same time period. Should this trend continue, north Stockton will contain approximately 57% of the housing units by 2010.

The City has also projected the number of occupied housing units within the City itself. These projections (see Table III-37) show occupied housing units to increase to 98,148 within the City by 2010, a 77% increase over 1980. This represents an average annual growth within the City of 1,427 units over the 1980 to 2010 period.

TABLE III-36

**OCCUPIED HOUSING UNITS 1980-1990, AND OCCUPIED
HOUSING UNIT PROJECTIONS 2000-2010**

Subarea	1980	1990	2000	2010
North Stockton	31,585	43,497	63,711	79,222
South Stockton	43,651	45,494	53,977	59,748
Metro Stockton	75,236	88,991	117,688	138,970

Source: 1990 Census (STF3), San Joaquin County Council of Governments

TABLE III-37

**OCCUPIED HOUSING UNITS 1980-1990, AND OCCUPIED
HOUSING UNIT PROJECTIONS 2000-2010
City of Stockton**

Year	Housing Units ¹	Housing Units ²
1980	55,335	55,335
1990	68,794	68,794
1995	73,758	
2000	81,958	90,034
2005	91,158	
2010	98,148	111,274

Source: ¹1990 Census (STF3), Central Stockton Plan, Kaplan, McLaughlin, Diaz, 1988, as adjusted by staff based on 1990 Census figures and 1991 - 1993 Building Permit data.

²1990 Census (STF3), S.J. County Council of Governments as adjusted by staff based on 1990 Census figures.

Fair Share Housing Allocation

Because housing need is a function of the regional housing market, housing policies and programs adopted by local agencies have regional as well as local impacts. Other local land use and development policies which determine the distribution of employment and population also affect the region's housing supply and demand characteristics. In order that each locality may plan to accommodate a share of the collective responsibility for making adequate provision for the housing needs of all economic segments in the market area, and recognizing the importance of a coordinated response to the regional housing problem, State law requires regional councils of governments (COG's) to develop a regional housing needs determination. The housing needs determination is based on the City's proximity to jobs, its ability to provide public services and facilities, the relationship of the local income distribution to regional income distribution, and expected community growth.

The San Joaquin County Council of Governments has estimated Stockton's share of current and future housing in all income categories. The 1991 Fair Share Housing Plan study estimated housing growth for the 1990 to 1997 period. Based on this study, the following estimate of the need for new housing units for the 1990 through 1997 period is 14,619 units, which is presented in Table III-38.

TABLE III-38
PROJECTED HOUSING NEEDS (1990-1997)
City of Stockton

Income Group	Estimated Households 1990	Projected Housing Unit Need 1990-1997
Very Low Income	19,461	3,931
Other Low Income	12,168	2,558
Moderate Income	12,833	2,849
Above Moderate Income	23,158	5,281
City of Stockton Total	67,620	14,619

Source: 1991 San Joaquin County Regional Fair Share Housing Plan (1990-1997), San Joaquin County Council of Governments.

Quantified Objectives

Housing element law requires that jurisdictions set quantified objectives which establish the maximum number of housing units by income category that can be constructed, rehabilitated, and conserved over a five-year period. The quantified objective for the construction of new units is shown in Table III-38, under projected housing unit need. Additional information may be found in Appendix A at the end of this chapter regarding the analysis on the preservation of assisted housing units.

AVAILABILITY OF SITES FOR HOUSING

Adequate Sites

The amount of land set aside for residential development has a direct impact on the cost of housing found in a community. When a community restricts the supply of developable land by devices such as phased zoning, urban limit lines, and moratoriums on utility extensions of annexations, the effect is to raise developer's land costs. Thus, a consequence of strict adherence to long-term growth control measures is to reduce the opportunity for developers to

buy land cheaply on the urban fringe and have it rezoned for urban use. In the past, such rezoning conveyed large profits to land owners and caused urban sprawl with its numerous ills, but it had the effect of keeping land prices and thus, housing prices, lower than will occur when the supply of land is limited through regulation or restrictions. A major reason for the disparity in home prices between the Bay Area and Stockton (1990 median price \$255,476 vs. \$106,700 - 1990 census) is the availability of land for residential development. Other costs, such as financing and construction are comparable between the two areas, but Stockton has historically had an abundance of easy to develop relatively inexpensive land available for annexation on its fringes.

From 1978 to 1988, the City did have in place a growth limitation boundary (Ordinance No. 3142). While the growth limitation boundary did not prevent the development of vacant lands within the City or the annexation of certain vacant lands on the City's fringes south of the Calaveras River, it did curtail expansion beyond City limits in north Stockton, where 96% of the metropolitan area's growth has occurred since 1970. However, in mid-1988, this limitation was removed and the Planning Commission and City Council now have the authority to prepare plans and consider annexation for all areas outside the City limits which bear a reasonable relationship to its development.

The City reviewed the amount of residentially zoned land, both developed and vacant (infill potential), within the City limits as of April 1, 1992. Residentially zoned land available for development is presented in Tables III-39 and III-40.

TABLE III-39

**PROJECTED RESIDENTIAL UNITS WITHIN EXISTING
VACANT RESIDENTIALLY ZONED LAND**

**City of Stockton
July 15, 1992**

	R-1 Zone⁴	R-2 Zone⁴	R-3A Zone⁴	R-3B Zone⁴	Totals
Vacant Gross Acreage (2 acre minimum lots) ¹	4,981.9	169.7	-0-	161.8	5,313.4
Gross Density (Dwellings/Acre)	4.69	11.17	N/A	21.15	5.40
Projected Units on Vacant Gross Acreage ²	23,365	1,895	-0-	3,422	28,682
Vacant Net Acreage (Less than 2 acre lots) ¹	479.8	100.6	3.6	37.4	621.4
Net Density (Dwellings/Acre)	5.7	13.8	34.4	23.0	8.2
Projected Units On Vacant Net Acreage ³	2,735	1,388	124	860	5,107
Total Vacant Acreage¹	5,461.7	270.3	3.6	199.2	5,935
Total Projected Dwelling Units	26,100	3,283	124	4,282	33,789

¹Source: City of Stockton Computerized Land Use File, dated April 12, 1991, for R-1, R-2, R-3A and R-3B zones. Updated to March 31, 1992 from building permit and annexation data.

²Represents projected units within existing vacant R-1, R-2, R-3A and R-3B zoned land and assumes that 23.6% of R-1 and R-2 and 9% of R-3 zoned parcel areas which exceed two acres in size will be occupied by street right-of-ways.

³Represents projected units within existing vacant R-1, R-2, R-3A and R-3B zoned parcels which do not exceed two acres in size and which do not require new streets.

⁴The R-1 units include single-family units only; the R-2 units include duplex, triplex, and cluster housing units; and the R-3 units include apartments and other multi-family structures. Refer to Table III-41, page III-58 for maximum allowed densities.

TABLE III-40

PROJECTED BUILDOUT OF EXISTING VACANT RESIDENTIAL LAND
City of Stockton
July 15, 1992

	Existing Vacant Residential Acreage ¹	Projected Dwelling Units ²	Annual Absorption Rate ³		Projected Buildout Period (Years)
			Acres	Units	
A.	5,935	33,789	326	1,773	18.2
B.	5,935	33,789	418	2,263	14.2

¹Source: City of Stockton Computerized Land Use File, dated April 12, 1991, for R-1, R-2, R-3A and R-3B zones. Updated to March 31, 1992 from building permit and annexation data.

²Represents projected units within existing vacant R-1, R-2, R-3A and R-3B zoned land and assumes that 23.6% of R-1 and R-2 and 9% of R-3 zoned parcel areas which exceed two acres in size will be occupied by street right-of-ways.

³Represents two potential scenarios (A & B). Scenario A assumes a continuation of the absorption rates experienced from 1970 through 1990. Scenario B assumes the absorption rates projected by San Joaquin Council of Governments from 1980 to 2010.

This information demonstrates that the City in 1992 had the potential of developing 33,789 units within the infill areas of the City. This calculation assumes all residentially zoned areas would be developed at densities typical of that zone (assumed buildout). This calculation did not project development at the maximum densities allowed by the zone. The densities of the assumed buildout are the overall densities that actually exist in the City and would promote compatibility between any infill project and its surrounding neighborhood. If development was projected at the maximum densities allowed by the zone, the total infill potential would be approximately 58,300 units. This maximum density potential is not realistic given the particular circumstances of the various vacant sites which would prevent maximum development, therefore, the assumed buildout detailed above will be used. Even with assumed buildout densities, it should be recognized that not every vacant residential zoned parcel will be developed. Though all areas of the City are provided with basic infrastructure sufficient to allow development, specific site characteristics, neighborhood compatibility issues and the desires of owners may result in development less than the assumed buildout.

The City has made available additional residential land since 1987. In July 1988, the City annexed a 2,000 acre undeveloped parcel of land at the southwest borders of the City known as Weston Ranch. In November 1988, the City annexed Spanos Park in the northwest corner of the City, a 1,355 acre undeveloped parcel.

Housing

Both of these residential projects are currently under construction. Upon buildout (10 to 20 years) these two projects will produce approximately 14,000 housing units (9,500 low/medium density and 4,500 high density).

In May of 1989, the City annexed 363 acres known as Harbor Cove, located at the northwest boundary of the City and 545 acres known as La Morada, which is located at the northeast boundary of the City. Neither one of these residential projects is currently under construction. However, Harbor Cove is proposed to provide 625 low/medium density units and La Morada is proposed to provide 1,766 low/medium density units and 745 high density units. In June of 1989, the City also annexed 1,300 acres known as Brookside Community located in west Stockton, north of the Calaveras River.

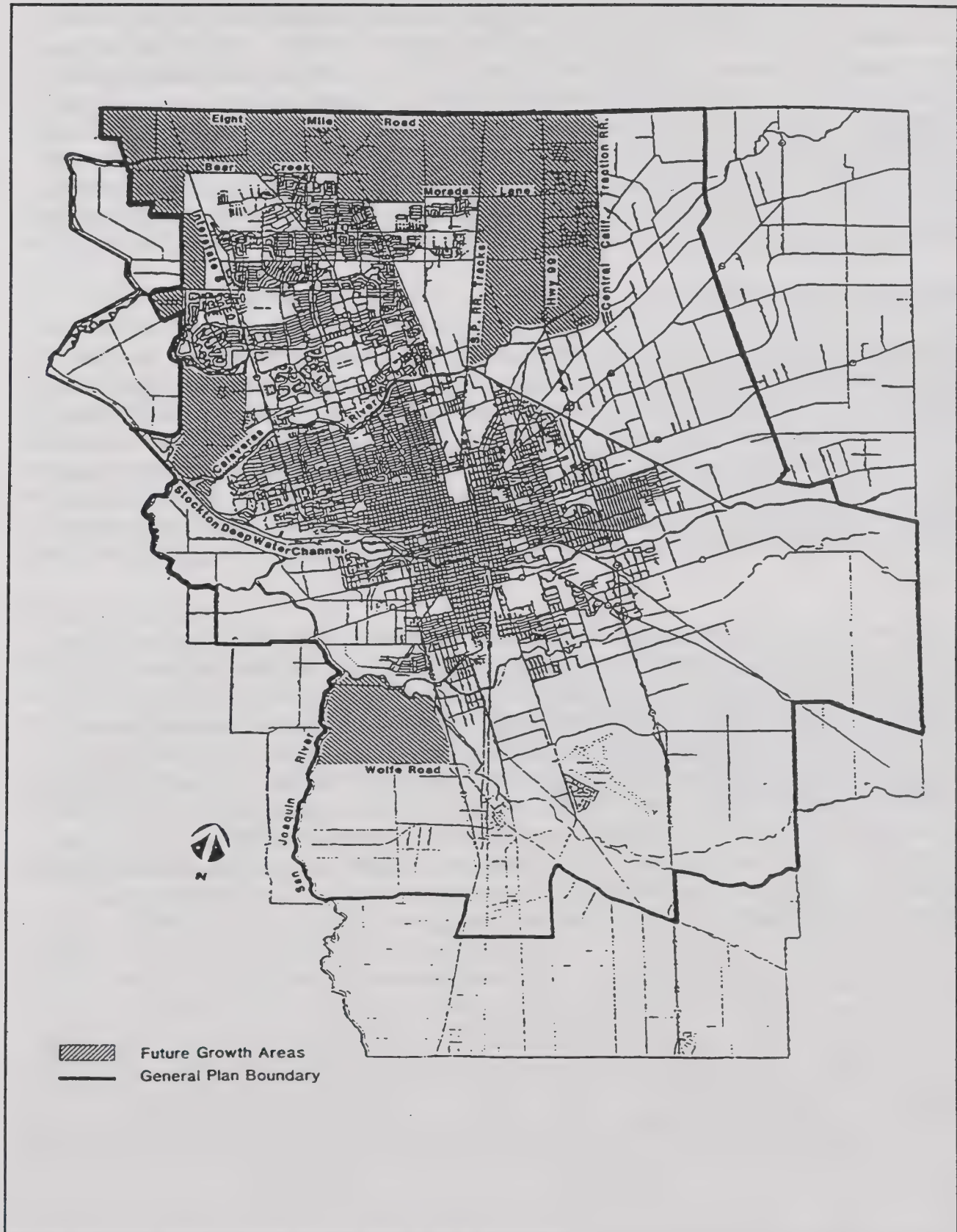
Brookside is currently under construction with a number of homes and a private golf course already completed. Upon buildout (15 to 20 years) approximately 2,091 residential units will be constructed (2,500 low/medium-density units and 941 high-density units).

Most recently in 1992, the City annexed 264 acres known as Morada Ranch, located near the northeast boundary of the City, just south of the La Morada annexation which occurred in 1989. Morada Ranch is proposed to provide 673 low/medium density units.

The City is also considering three additional annexation proposals involving substantial residential development. Bear Creek, which consists of 398 acres, is proposed in north Stockton with a potential of 1,985 low/medium density units and 310 high density units; Parkside Village, which consists of 268 acres, is proposed in the southeastern portion of the City with a potential of 1,180 low/medium density units and 235 high density units; and North Stockton Projects, which consists of 826 acres, is proposed in north Stockton at the City's northern boundary with a potential of 3,500 low/medium density units and 200 high density units.

The above discussion demonstrates that the City contains potential sites for 33,789 housing units within infill areas, 19,835 housing units within newly annexed areas and 7,410 housing units within areas undergoing annexation to the City. Clearly the City does not have a shortage of sites available for housing. Infrastructure plans for these areas have also been developed (see Chapter VI - Public Facilities and Services).

FIGURE III-6
FUTURE GROWTH AREAS



Sites for Homeless Facilities

The vast majority of the homeless people within Stockton are located within the downtown area. The downtown area is also the location of the majority of the existing facilities serving the homeless, including five shelters accommodating 372 people, dining facilities and various governmental and nonprofit organizations providing support services. The downtown area includes zoning for commercial and industrial uses, as well as for shelters and related services. The downtown area in general is an identified location for additional facilities for the homeless and those in need of transitional housing. A specific location for additional shelter facilities has been identified by the Stockton Shelter for the Homeless. This location is within the 600 block of West Church Street on the vacant land adjacent to the existing Stockton Shelter for the Homeless and St. Mary's Dining Hall. This land is owned by the State Department of Transportation and leased by the City of Stockton for shelter and related facilities.

Sites for Transitional Housing

Recognizing the City's existing unmet need for transitional housing, the City of Stockton is participating as a key member of the Low-Income Housing Coalition in the development of transitional housing. The Low-Income Housing Coalition is a cooperative community effort that includes both governmental and community agencies. In addition to the City of Stockton members are: Asociacion Campesina; San Joaquin Mental Health; Stockton Metro Ministries; Stockton Family Shelter; San Joaquin Local Health District; Catholic Charities; Housing Authority of San Joaquin County; Stockton Shelter for the Homeless; San Joaquin Neighborhood Preservation; Valley Resources; Council for the Spanish Speaking and the Homeless Advocacy Program.

Through the efforts of the Low-Income Housing Coalition an existing five-story structure located in the downtown area (601 Main Street) has been targeted as a feasible location for a single-room occupancy (SRO) hotel. This proposed SRO facility was approved in January of 1991, which included commercial uses on the ground floor and 156 units for semi-permanent housing. The structure is currently being rehabilitated and is anticipated to be completed by early 1993. This project could realistically provide housing for 312 persons which could more than satisfy the unmet transitional housing needs of approximately 227 people as described on page III-40, under Transitional Housing. The General location of sites for transitional housing are expected to be within the central Stockton area. Central Stockton is the area with the greatest need given the number of homeless people and its proximity to various services such as the existing shelters, dining hall, food bank and other social services.

HOUSING CONSTRAINTS

The purpose of this section is to discuss the factors which affect the availability and affordability of housing. To evaluate these "constraints" to housing production, it is useful to examine them in terms of nongovernmental (or market) and governmental constraints.

Nongovernmental Constraints

The development process (shown on Figure III-7) includes a variety of costs in meeting the housing needs of the City of Stockton and the entire metropolitan area. First, there is the cost of the construction, which is strongly influenced by the cost of labor and materials. Second is the cost of land, which is affected by its availability, location, serviceability, and its zoning or development potential. The third cost of housing is the price and availability of money.

This section focuses on how these various costs affect meeting the housing needs established for Stockton. Because costs can change radically from year to year, no attempt is made to project future costs. The purpose of this section is to outline the basic factors which comprise the cost of meeting the housing need and to make note of those factors peculiar to the Stockton area which are significant obstacles to current and future residential development. It should be noted that several market constraints have been identified by home builders themselves as being the most important constraints in providing affordable housing. According to a survey of home builders conducted in January 1989 by the National Association of Home Builders, the most important constraints were the cost of land (34%), followed by interest rates (29%) and then governmental regulations (16%).

Construction Value

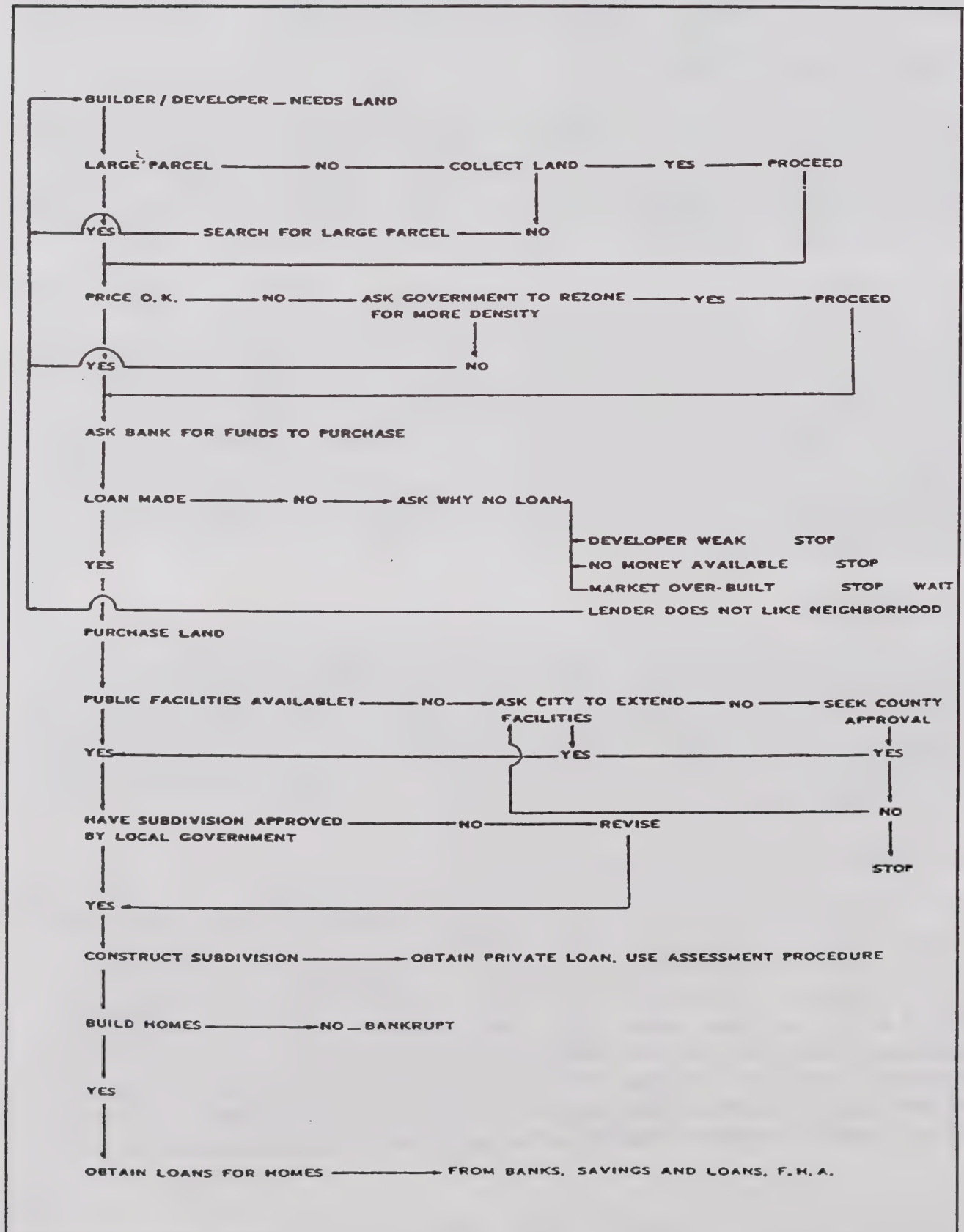
Periods of accelerating inflation and periods of relative stability make construction value difficult to determine and more difficult to compare one year's value to another. Additionally, the value of a house depends upon its size, location and the quality of materials used in its construction. A comparison of average values of building permits for new single-family construction issued in the City from 1980 to 1990 reveals a 55% increase in the average structure's value, from \$61,600 to \$95,500.

Cost of Materials

There is a general agreement among area bankers, builders, developers, and public officials that a significant factor in the cost of actual construction is the cost of building materials. Construction cost information is presented nationally in Construction Review, a publication of the U.S. Department of Commerce. Since 1980, the price of construction materials has stabilized and in some cases, fallen. The national construction cost index, as presented in Construction Review, increased at an annual average of 3.9% during 1980 to 1987 versus the annual average increase of 1.7% from 1988 to July of 1991. Softwood lumber prices increased 8.8% from 1981 to December of 1987 compared to a 6.2% increase from 1988 to July of 1991. Softwood lumber is the primary material used in most types of residential construction.

FIGURE III-7

MODEL OF "NORMAL" RESIDENTIAL DEVELOPMENT



These current price trends look promising for the affordable housing market when you keep in mind that from 1970 to 1980 the construction cost index increased at an annual average of 14.6% per year.

The future costs of building materials are difficult to determine but will be based on future levels of demand and inflation. Building materials represent a major factor in the cost of housing and because this cost is somewhat variable, it makes up an important part of the affordable housing equation.

Cost of Labor

The increasing cost of labor is a significant factor increasing construction costs in the area. However, since most residential construction in the City is now done by nonunion contractors, labor cost increases have been moderated by cyclical fluctuations in housing demand. During high housing demand periods, hourly labor costs are determined by a "whatever the market will bear" philosophy and often approach union wages. During low housing demand periods, labor costs are held constant and in some cases even decline.

Land Costs

Costs associated with the acquisition of land include the market price of raw land, the cost of providing the land with utilities and other improvements, and the cost of holding land throughout the development process. The cost of raw land is influenced by many variables including location, unique features (trees, water frontage), availability of public utilities and the type of financing "package" worked out between buyer and seller. These and other factors make calculating the cost of land in the Stockton area difficult, but on a general basis the following estimates can be made as of July 1992.

In north Stockton, it is estimated by a north Stockton developer that raw land requiring the extension of utilities, such as those areas south of Eight Mile Road, can be purchased for \$30,000 to \$40,000 an acre. Approximately \$75,000 per acre must be added to cover "hard costs" (utilities and improvements). In early 1989, residential building and speculation reached some of their highest levels, as a result there were raw land sales in the vicinity of Eight Mile Road that were as high as \$80,000 to \$90,000 per acre. Subsequently, the market has made a 180 degree turn and raw land prices for this area are near 1983 levels.

In south Stockton, it is estimated by a south Stockton developer that raw land requiring the extension of utilities can be purchased for \$20,000 to \$30,000 per acre. Hard costs can range from \$65,000 to \$85,000 per acre depending on location.

If an acre of land is developed into a typical single-family subdivision, four to five single-family lots would be created (four lots would be typical for north Stockton and five lots for south Stockton). On average, an improved lot in north Stockton would be around \$28,000 and in south Stockton approximately \$20,000.

Holding costs for land awaiting development are hard to estimate. This cost is determined by interest rates on acquisition and development loans, which typically run 2% to 4% above the

Housing

prime interest rate. Interest rates are, for the most part, beyond the control the local jurisdictions. Therefore, the greatest method of reducing holding costs is to process development permits as soon as possible.

Availability of Financing

With respect to the general availability of financing, there are no known geographic areas within Stockton which are considered to be mortgage deficient. The City's experience is that from the finance production side, lenders are more anxious to work in lower income and non-traditional neighborhoods in making financing available. In fact, as part of the Community Reinvestment Act requirements, lenders must undertake a community credit needs assessment in order to determine if banks and/or savings and loans are doing all they can to make mortgage monies available.

The potential and actual constraints seem to be more focused on the mortgage consumption side of the equation. The City of Stockton's Housing and Redevelopment Department indicates that the two primary barriers in meeting the community credit needs is the borrowers' inability to produce a clean credit history and the inability to come up with the required down payment in terms of the first time home buyer.

Financing Costs

There are two kinds of capital involved in providing housing: capital used by developers for initial site preparation and construction, and capital used by the home buyer. The availability and price of both types of capital affect the cost of housing.

Development capital is short-term and borrowed at commercial rates, which tend to be considerably higher than mortgage rates. In the past, banks have been reluctant to make larger commercial loans to developers. However, banks have come to recognize that the great demand for housing makes these loans profitable. Development and construction loans tend to be high cost given the unfinished state of the collateral (the homes available for sale). Development and construction loans typically are 2% to 4% above the prime interest rate which was 6% in July of 1992.

Mortgages are long-term loans. In July 1992, the rates on single-family units for 30 years with 10% to 20% down were 7.5% to 8.5% for a fixed rate mortgage and 4.25% to 6.5% for an adjustable rate mortgage (ARM). Frequently, lenders also charge borrowers points or a given percent of the loan which covers the administrative costs and reflects the supply of mortgage money. In July 1992, lenders were charging from 0 to 3.5 points (a point is equal to 1% of the loan value) for a fixed rate loan and from 0 to 3 points for an adjustable rate mortgage.

What these interest rates do to the cost of housing is clearly indicated by this example of buying a \$130,000 house. At 8% for 30 years with a 10% down payment and 2 points, monthly principal and interest payments would be \$859; under these same terms, but at an interest rate of 10%, the monthly principal and interest payment would be \$1,027 or 20% more. Assuming an additional \$170 per month for taxes, home owner insurance, and private mortgage insurance (PMI), the total monthly house payment would range from \$1,029 to \$1,197.

On the basis of a standard eligibility formula used by lending institutions (i.e., monthly housing payments--principal and interest, taxes and insurance--should not exceed 35% of gross monthly income), the buyer of the \$130,000 house at 8% would have to have a minimum annual income of \$35,280; at 10%, his/her annual income would have to increase to \$41,040. In both cases, the buyer would be required to have \$13,000 for the down payment and another \$2,600 for points.

On the other hand, adjustable rate mortgages are at there lowest level ever, which can be extremely beneficial to the first time buyer. With a start rate of 4.75% plus 1 point and maximum 2% annual adjustment (10.75% max. rate), the monthly payment on a \$130,000 home with 10% down would be approximately \$780 including taxes, homeowners insurance and PMI. An individual or couple could possibly qualify for a loan with an annual income of approximately \$26,700. Although income levels are anticipated to increase over time, it should be noted that the payments associated with variable rate mortgages will likely increase as well. Nevertheless, the variable rate mortgage offers an opportunity for an individual or family to purchase a home which might not otherwise be feasible.

Total Development Costs

The International Conference of Building Officials estimates the average cost of residential construction. Effective March 1992, they estimated the cost per square foot for an average quality single-family residential building at \$60.00 for type V-masonry and \$52.01 for type V-wood frame. Apartment and condominium buildings of average quality are estimated at \$56.24 per square foot for type II or V-masonry and \$50.41 per square foot for type V-wood frame. Thus, an average 1,500 square foot house (type V-wood frame) is estimated at \$78,015 and an average 700 square foot apartment or condominium (type V-wood frame) at \$35,287 per unit. These costs are based on meeting the standards of the Uniform Building Code and include all construction costs. They do not include the cost of land, construction of auxiliary structures, financing, marketing, or overhead.

Governmental Constraints

Local governments affect the supply, distribution, and cost of housing through land use and other controls, building codes, development permits, and processing fees. Compliance with State-mandated requirements may also influence the cost and nature of residential development. In addition, property taxes and special assessments contribute to governmental impact on housing. This section discusses how each of these factors relates to the City's ability to respond to its housing needs.

Land Use Controls

The City's policies for development are set forth in the General Plan. While the issues and policies related to housing are addressed primarily in the Housing Element, policies contained in all of the other elements significantly affect the character and production of housing in the Stockton metropolitan area. The relationship of the other General Plan Elements to the Housing Element is discussed in the General Plan Policy Document and the Introduction section of the Background Report.

Housing

The location and types of housing in the City is determined to a great extent by development policies contained in the Land Use Element, which establishes the amount and distribution of various land uses throughout the City. Residential density standards are included in the Land Use Element and are stated on the Land Use/Circulation Diagram. For the purposes of the General Plan, residential density is expressed as the maximum number of dwelling units per gross acre of residential land. A gross acre includes land taken up by local streets. On the General Plan, low and medium-densities have been combined into the low/medium-density residential land use designation.

Zoning regulations are an essential tool of a City's land use policies and the backbone of developmental control, but these same regulations have conflicted with local housing policies in some communities. It is important to recognize that all governmental regulations, such as those associated with zoning applications not only have great potential for serving the needs of the public, but they also may constrain the production of affordable housing. Some potentially exclusionary land use controls could, if enacted, result in substantial impacts on housing costs.

Setbacks, Height Limitations, and Parking

Typical setbacks for single-family homes, duplexes, and triplexes require a minimum of 20 feet for front yards; 5 feet for each side yard; and 20 feet for rear yards. Typical setbacks for multi-family developments in an R-3B zone (covers all areas of the City except the downtown area) require a minimum of 15 feet for front yards; 5 feet for side yards; and 10 feet for rear yards. However, where an R-3B zoned property sides or rears upon property with a more restrictive zoning, the setbacks of the more restrictive zone prevail. Typical setbacks for multi-family developments in an R-3A zone (downtown area only) require a minimum of 10 feet for front yards; 5 feet for side yards; and 10 feet for rear yards. Corner lots and reverse corner lots for residential zones have slightly different requirements for side yards. Setbacks, in general, perform two very important functions. From a fire safety standpoint, setbacks provide a buffer or open area between structures in order to limit the spread of fire. Secondly, setbacks insure that each structure, specifically residential, has a minimum amount of "open space" which essentially adds to the quality of life for the residents of the City.

As far as height limitations, the City limits all residential structures outside the downtown area to an overall height of 35 feet. Multi-family structures within the downtown area (zone R-3A) do not have a height limitation. Furthermore, multi-family development in the downtown area (zone R3-A) is allowed a maximum density of 87.1 units per acre which is crucial to the development of low cost housing. An added benefit to affordable downtown housing is that the people who need this type of housing are in close proximity to the social and economic services which are located in the downtown area.

With respect to parking, single-family homes, duplexes, and triplexes are required to have at least one covered parking space per unit. Multi-family developments outside the downtown area (zone R-3B) are required to have at least 1.5 spaces per unit and multi-family developments within the downtown area (zone R-3A) are required to have 1 parking space per unit. Multi-family parking spaces are not required to be covered.

In general, setbacks, height limitations, and parking requirements serve to protect and enhance the quality of life for the residents of the City. Although an argument could be made that these land use controls place somewhat of a constraint on the production of housing, especially affordable housing, the impacts that would occur without these controls certainly outweighs any constraint.

Planned Unit Residential Developments and Open Space Requirements

Planned Unit Residential Developments (PURDs) are also permitted in both low and high-density residential designations with Planning Commission approval. The City's PURD ordinance allows for a mixture of housing types and densities. Under the PURD provisions a developer may build a portion of the project at a higher density and a portion at a lower density, as long as the overall density of the entire project does not exceed that which the zoning allows. Also, because the amount of land required for the development of streets is less than that in traditional developments, more units per acre are usually netted in a PURD development. The approach of the PURD ordinance may allow for more housing units within a project to be available at a lower cost. The PURD ordinance also requires that a certain amount of open space be set aside which is dependent on the size of the development. Open space requirements can be met in a number of different ways. Larger developments can include golf courses and/or lakes as part of their overall development, whereas a smaller development may choose to landscape and enhance entry ways and median strips. Recreation areas with a pool and/or tennis courts can also be included.

Lot Size

Restrictions on minimum lot sizes can have a major influence on the housing supply. Some communities seeking to exclude housing for low and moderate-income groups have enacted local zoning regulations requiring large lot sizes in certain sections of the community. Larger lot size or lower density zoning is simply one of many forms of exclusionary zoning controls. In the City of Stockton, the minimum single-family lot size is 5,000 square feet, a city-wide standard which could hardly be considered limiting or restrictive; most single-family lots are 6,000 square feet (Table III-41). Similarly to the minimum lot size requirement, minimum building size requirements could serve to limit the construction of smaller, more affordable units. The Stockton Zoning Code has no minimum building size.

TABLE III-41
DEVELOPMENT STANDARDS
City of Stockton

Type of Unit	Zone	Min. Lot Size (sq. ft.)	Maximum Density (units/acre)
Single-Family Factory Built Mobile Home	R-1	5,000	8.7
Duplex	R-2	5,000 (2,500/unit)	17.4
Triplex	R-2	6,900 (2,300/unit)	18.9
Apartments	R-3B	7,500	29.0
Apartments (Downtown Area)	R-3A	500	87.1
Planned Unit Res. Development (PURD)	R-1, R-2, R-3	87,120	Varies with zoning
Mobile Home Park	Any zone w/U.P. approval	217,800 (2,800/unit)	Varies

Source: City of Stockton Zoning Code

The density of residential development allowed under the General Plan designations (and the zoning ordinance designations) is the most significant land use control device available to local governments, which also determines the type of housing that is developed. Much of Stockton's incorporated land area is planned for low-density residential uses, which explains the predominance of detached single-family homes. Considerably less acreage is planned for medium and high-density uses, which characteristically provide condominium and apartment units. Mobile home parks are permitted in both low and high-density areas and require no special zoning designation; just Planning Commission approval.

Generally speaking, the more units per acre, the less cost per unit for fees, required improvements, and developers' overhead cost. It is estimated that, considering all of the costs associated with development, low and moderate-income housing is not normally economically feasible at low densities.

In April of 1992, approximately 200 acres of undeveloped land existed in the City of Stockton with a high-density residential zoning. Much of this vacant land is in north Stockton, where land costs are higher.

Restrictions on Factory-Built and Manufactured Homes

As amended in 1988, Government Code Sections 65852.3 and 65852.4 provide for manufactured (mobile) homes in single-family residential zones. These statutes require the City to allow the installation of manufactured homes on a permanent foundation on lots zoned for single-family residences. The manufactured home must be certified under the National Manufactured Housing Construction and Safety Standards Act of 1974. The City may apply setback, side yard, parking, and other development standards which it would apply to a conventional house on the same lot.

The City of Stockton has been in compliance with these statutes since manufactures and factory-built homes have not been prohibited from any single-family lot. The City Building Division requires only that the structure be attached to a permanent foundation in compliance with all applicable building regulations and that the vehicle license plate and registration be removed. The requirements of the zone in which the home is to be located are still applicable, with only one residence per lot permitted in the single-family zone, uses limited to residential type uses, and enforcement of setback requirements. The only other restrictions one might face in locating a manufactured home on a single-family lot in Stockton are possible limitations in the covenants, conditions, and restrictions on the property (especially in some north Stockton subdivisions). These may or may not be enforceable, but the City is not a party to such restrictions. In past years there has been little interest in placing manufactured homes on single-family lots in Stockton. It is assumed that the reason for this is that the cost of traditional housing has not been significantly higher than the cost of manufactured homes to warrant a demand. However, given the increasing costs of construction, factory-built and manufactured homes can provide a more affordable option to residents, these alternatives to traditional housing may become more common.

Rent Control

For many years there have been rent control laws in eastern portions of the United States, most notably in New York City, Washington D.C., and the State of New Jersey. Many rent control measures were enacted during World War II to stabilize rents and preserve the housing stock. Since their enactment there have been ongoing debates about the impacts of rent control.

In the past few years, numerous legislative proposals have been initiated by rent control advocates in California. To date, there is no state-wide rent control legislation. Citizen groups advocating rent control ordinances or charter amendments have lobbied at the City and County levels. Some have been successful, most have not.

Advocates argue that low vacancy rates and escalating rents demonstrate the need for rent control. They believe that owners' profits are already too high, and the owners' response to needed repairs and general maintenance of rental units is too slow.

The most vulnerable groups are households on fixed incomes such as the elderly and low-income households which are often paying a higher portion of their income for rent than middle and upper income households.

Some of the most frequently used rent control measures include rent review boards, moratoriums, rent rollbacks and rent limitations. Rent review boards are most often chosen to implement rent control policies. Usually, the board reviews rent increases and decides whether the increases are warranted based on some established criteria. The boards consist of various combinations of elected officials, renters, owners, and citizens-at-large. Since cases are decided individually, this process can be extremely lengthy and expensive.

A moratorium is usually an intermediate step which halts rent increases while jurisdictions have an opportunity to study the current situation and make decisions on "impartial" information. Moratoriums are intended to resolve conflicts by giving each side a chance to cool off and perhaps settle their grievances out of the public arena.

Rent rollbacks are meant to decrease tenants' rent to what they were paying at some previous time. While tenants reap an immediate savings, owners may be faced with short-term liabilities.

Annual rent limitations determine the amount and/or number of rent increases per year. For example, rent increases can be based on such indicators as the annual Consumer Price Index, on the actual yearly operating expenses of landlords, or the landlord's annual return on their investment. Often rent limitations and rollbacks are not initiated separately, but in conjunction with a rent review board, annual vacancy rate studies, etc. Also, these measures may be time limited to 15 months or 2 years, and then reviewed or abolished, requiring another citizen referendum to re-enact.

Rent control issues surfaced in San Joaquin County in 1980-1981 because tenants in mobile home parks in the City and County had become increasingly alarmed at the dramatic increases in rents for mobile home park spaces. In February and April of 1981, the San Joaquin County Board of Supervisors and the Stockton City Council, respectively, rejected proposals for a mobile home rent stabilization ordinance. In December 1982, the City Council again reviewed and rejected a proposed mobile home rent stabilization ordinance. The proposed ordinance would have created a citizen-appointed advisory board and given it the responsibility to hear individual disputes on rent increases. The City Council determined that such measures were not required on a City-wide basis, and, instead proposed a resolution which suggested guidelines for individual committees in mobile home parks.

Both advocates and opponents would most likely agree that rent control is not a panacea; at best it could slow down the pace at which people are being priced out of the housing market by regulating the annual rate of rent increase. The fact remains that fewer and fewer people can afford rent increases which comprise a higher and higher percent of their gross income. Rent increases, even those showing just cause, can create economic hardships for renters, particularly for those on fixed income.

Condominium Conversions

Condominium conversions are a means of providing ownership opportunities. When detached single-family housing prices escalated in the mid and late 1970's, households sought other kinds of ownership at lower prices. According to the Stockton Board of Realtors, in 1991 the average

cost of a 2 bedroom condominium was approximately \$60,000 versus \$115,000 for a detached 2 bedroom single-family home.

In California, courts have determined that local governments must review the conversion of apartments to condominiums under the Subdivision Map Act through a variety of mechanisms e.g.; consistency with the General Plan, ordinances regulating physical design and improvement of the development. Under California law, renters must be given 180 days notice prior to termination of tenancy and 90 days exclusive right to purchase their unit. Local police powers are practically unlimited as long as they are used to promote the general welfare.

Proponents of conversions cite the advantages of affordable home ownership: building equity, tax benefits, and stable shelter costs; conversions also help preserve neighborhoods by reducing unit turnover. Developers reason that conversions are less expensive than new developments, even with required code enforcement and improvements. Conversions often make available home ownership to lower income groups.

Opponent's arguments center around two issues: reduction of the rental housing supply, and tenant displacement and forced relocation. Finding another rental may not be difficult in a market with a high vacancy rate but in communities where vacancy rates are 1% or 2%, finding comparable housing can be very difficult. Renters do have the right of first refusal and can decide to buy their unit but renters often do not have enough money for the down payment or monthly costs.

In the fall of 1979, the Stockton City Council directed the Planning Commission to examine the condominium conversions issue and enacted a moratorium on the approval of conversions until the issue could be studied. The City had approved tentative subdivision maps for the conversion of 104 units in 1976, 222 units in 1977, 228 units in 1978, and 755 units in 1979 prior to the moratorium. In July of 1980, after many months of study, analysis, and public input, a condominium conversion ordinance was adopted. This ordinance established physical standards for the projects and sets forth tenant protection requirements. Physical standards required for conversion include parking, utility meters, fire walls and smoke detectors. Tenant and buyer protection requirements include moving assistance, payment of moving costs, a one-year relocation period (elderly tenants are not required to move but can remain as renters in perpetuity subject only to reasonable rent increases), a purchase cooling off period, and the provision of pest reports.

Since the adoption of the condominium conversion ordinance, the City has approved the conversion of 941 units in 1980, 380 units in 1981, and 46 units in 1982. In 1983, no condominium conversions occurred, while in 1984 only 12 units were converted into condominiums. The most recent condominium conversion involved 20 units in 1990. The relatively small number of condominium conversions since 1982 represents the lack of demand for this type of housing coupled with the exhaustion of the supply of apartments which could be easily converted.

Building Codes

The City of Stockton has adopted the 1991 edition of the Uniform Building Code (UBC), published by the International Conference of Building Officials, which establishes minimum construction standards. Although a locality may impose more stringent standards, it cannot adopt any which are less restrictive than those of the UBC. Thus, the City cannot reduce construction costs by revising the City Code, as some cities with stricter standards are able to do. It is generally recognized that the process of modifying or adopting new building code standards is painstaking and time consuming. To the housing industry, this means that the introduction of innovative or alternative construction techniques and materials is slowed down or prevented.

Existing and Proposed Mandated Requirements

Besides the regular requirements of the model codes, various mandated requirements are imposed by State and federal agencies for enforcement of the local level. Satisfying these requirements may contribute significantly to the cost of constructing new housing units. Standards related to residential construction in which special building requirements exist or are proposed include energy conservation, handicapped access, security requirements, and residential fire sprinkler systems.

In terms of energy requirements, the standards for new buildings are designed to be cost effective in the long term, although the initial cost of construction will be higher. The higher costs due to the energy requirements make the purchase of a home prohibitive for some first time home buyers.

The State Department of Housing and Community Development (HCD) has provisions for the physically handicapped. These provisions apply to all, ground level units in multiple-family buildings (except condos) with three or more units. The law requires such units to be designed and built with wide hallways, wide doors and door swings, and modified kitchens and bathrooms. Other than the fact that the initial costs of constructing these modifications are significantly greater than the costs of providing standard features, the loss of additional liveable floor area in the unit must also be considered. While provision of these features for handicapped residents is commendable, to require a developer to provide them when only 19% of the area's residents are elderly or handicapped means that the additional costs would be shared by all households. These requirements need to be recognized as potential constraints to future housing development.

Additional special requirements concerning the security code were adopted by the City Council in December 1980. These requirements mandate: deadbolt locks, quick-release locks on all security screens or bars, security certified windows and doors, and a view of the area outside of the entry door without requiring the door to be opened. Although these requirements could not be considered true constraints to housing development, meeting these requirements may incur additional costs.

Most significant is the fact that there appears to be a trend towards mandating special building requirements such as residential sprinklers in single-family and multiple-family units, the costs

of which must be considered when reviewing the overall cost of housing. Individually, these various costs may or may not be significant, but, when considered with the other constraints discussed in this section, they may have an impact on the development of new affordable housing units.

Required On-Site and Off-Site Improvements

The City of Stockton requires the installation of certain on-site improvements (sidewalks, streets, curbs and gutters, etc.) as a means of enhancing the safety and livability of its residential neighborhoods. These facilities are, in most cases, dedicated to the City, which is responsible for their maintenance.

The City has also established public facilities fees, effective November 13, 1988, for development within Stockton. The purpose of these fees is to finance public facilities which will address the needs caused by future development within Stockton. Improvements financed by these fees include the expansion and construction of City office space, fire stations, libraries, police stations, community recreation centers and street improvements. These fees are based upon a detailed fiscal and public facilities study which estimated the public facilities required by future development through the year 2005 and the impact this future development will have on the existing public facilities within Stockton.

These fees apply to both residential and non-residential development. These fees do vary by area within the City. The newly developing areas in the north (Fee Area 1) and south (Fee Area 2) of the City pay the maximum fees as shown on Table III-42. The central City area (Fee Area 3) pays the least amount in public facilities fees. The central City area is defined as the area bounded by the Calaveras River on the north, the City limit line on the east, the San Joaquin River to the west, and by Charter Way on the south.

These improvement costs which are initially paid for by the developer, are eventually passed along to the consumer in the purchase price. Developers of residential subdivisions are required to install public improvements to City standards. Because the costs of public improvements vary so greatly from development to development depending on the necessity to cover "unusual" costs of bridges, pump stations, trunk lines, etc., an average cost per lot is difficult to compute.

While there are no required on-site improvements for lots created by a typical single-family subdivision, some on-site improvements are required for planned unit residential developments and apartments.

For example, private streets and landscaping within a planned unit residential development must meet City standards. Additionally, most planned unit residential developments have common open space and/or recreation facilities which are developed. All off-site improvements mentioned above are also required for planned unit residential developments. Apartment developments are subject to minimum on-site open space and parking requirements as well as off-site improvements.

The cost of residential development can vary depending on the number of on-site and off-site improvements (bridges, trunk lines, storm water pumps, etc.) already in place and paid for.

Housing

This should add to the attractiveness of "infill" or bypassed parcels that are essentially surrounded by existing development, however, this advantage may be offset by a high asking price or the existence of undersized utility lines requiring the expensive paralleling of existing lines. There are many variables that affect the development potential of a site making it difficult to generalize without a site by site analysis.

While the required development and public facilities fees do unquestionably increase housing costs, at least marginally, these fees provide for services that are necessary (i.e., sewer and water service, police and fire protection) or are expected by residents (i.e., parks, adequate streets, libraries). The constraints of City finances require that these needed and desired services be paid for by those who receive the benefits.

In a very real sense these costs can be considered as a type of user fee, with the newer residents paying their own way. In an effort to minimize the impact of these fees on lower-cost housing, new development in the central City area is subject to reduced public facilities fees. Public facilities fees total \$3,213 in the central City area versus \$5,435 in north Stockton and \$5,694 in south Stockton. The City is also attempting to partially mitigate the effects of high housing costs by the use of its land acquisition/construction loan program (as explained in the description of the City's existing housing programs).

TABLE III-42

DEVELOPMENT FEES

City of Stockton

March 1, 1993

Standard Public Works Fees	Applicable Zone	Single-Family	Apartments
Sewer	N. of Calaveras	\$2,674	\$1,872
Sewer	S. of Calaveras	\$1,890	\$1,323
Water	All	\$395	\$395 + \$100/unit
Traffic Signal	All	\$80	\$49
Street Light "in-lieu-of"	Varies	\$9.80/frt. ft.	\$9.80/frt. ft.
Area of Benefit	Varies	If Applicable	If Applicable
Public Facilities Fees	Applicable Zone	Single-Family	Apartments
Parkland	1, 4, 6	\$1,173	\$691
Surface Water	All	\$1,159	\$1,159 + \$348/unit
City Office Space	All	\$124	\$74
Air Quality	All	\$129	\$87
Fire Stations	1, 2, 6	\$118	\$69
Libraries	1, 2, 5, 6	\$239	\$141
Police Station Expansion	All	\$259	\$152
Community Rec. Center	1, 2, 4, 6	\$131	\$77
Street Improvements	1 & 2	\$2,052	\$1,498
	3 & 4	\$1,546	\$1,128
	5 & 6	\$2,305	\$1,682
Administration Charge (2.5% of Pub. Fac. Fee)	All		
Plan Check & Permit Fee (Based on a Valuation of \$100,000)	All	\$1,535	\$1,535

Source: City of Stockton Development Fee Schedule, March 1, 1993

Governmental Review, Fees and Permits

Developers are confronted with time consuming regulations at virtually every level of government. The skyrocketing cost of housing is often blamed in part on governmental delays and processing time. Unquestionably, more stringent development regulations have increased processing time and thus added to housing costs. The cost to the developer as the result of unscheduled regulatory delay can include increased carrying charges for land, increased overhead cost, increases in the cost of labor and materials due to inflation and/or demand and supply economics, or the loss of sales due to changes in the market. The City's fee schedule and processing time are indicated on Table III-43.

Fees are collected by the City to help cover the costs of permit processing, inspections, environmental impact determinations, and contribute to the delivery of services such as water, sewers, storm drains, and parks and recreation facilities. These fees are generally assessed on the basis of the number of dwelling units in residential developments and the amount collected annually should not exceed their cost to the City.

Residential building permit and plan check fees per dwelling unit in Stockton averaged \$1,535 for single-family structures with a structure valuation of \$100,000. Building permit and plan check fees are proportionately higher for multiple-family units based on structure valuation.

The requirement of a permit itself can be a housing constraint. The Stockton Zoning Code requires Use Permit approval for all multiple-family and group quarters (larger than six persons). The requirement for a Use Permit is to assure compliance with zoning (i.e., setback, height, parking) and land use compatibility. However, the requirement for a Use Permit does open the possibility that emotional concerns expressed at a public hearing could be used as a basis for denying a housing project.

Environmental Review

The City's permit processing procedures include the assessment of the environmental impact of proposed projects, and review of the environmental impact report, if one is required. This portion of the processing procedure is mandated by State Law under the California Environmental Quality Act. Many of the environmental regulations have protected the public from significant environmental degradation and the location of certain developments on inappropriate sites, and have given the public a much needed opportunity to comment on the project impacts. This process does, however, increase the time before final approval of a project. There have been efforts to simplify the regulatory maze, however, and the City of Stockton has been able to incorporate efficient, uniform procedures and standards for review and approval which have kept processing times to a minimum.

TABLE III-43

SCHEDULE OF FEES
Community Development/Planning Division
Fees Effective January 1, 1993

	Application Fee	Processing Time (Weeks)
REZONINGS AND PREZONINGS.....	\$2,250	6-8 ¹
SPECIAL USE PERMITS, USE PERMITS REQUIRING PUBLIC HEARINGS AND USE PERMITS ON 14-DAY NOTIFICATION PROCEDURES:		
LARGE FAMILY DAY CARE HOMES.....	620	4-6
ALL OTHERS.....	1,950	4-6
HOME OCCUPATION PERMITS.....	50	4-6
TEMPORARY USE PERMITS.....	350	1-3
DISTRICT USE PERMITS.....	380	1-3
PLANNED UNIT RESIDENTIAL DEVELOPMENT PERMITS.....	2,000	6-8
AMENDMENT TO THE STOCKTON MUNICIPAL CODE, SPECIFIC PLAN OR GENERAL PLAN.....	3,500	6-8 ¹
TENTATIVE MAPS		
4 LOTS OR LESS.....	1,600	6-8
OVER 4 LOTS.....	3,200	6-8
VARIANCE/WAIVER, INTERPRETATION OR APPEAL OF A DECISION OF THE COMMUNITY DEVELOPMENT DIRECTOR.....	1,800	4-6
APPEALS TO CITY COUNCIL.....	310	4-6
PLANNING COMMISSION REVIEW OF COMMERCIAL SHOPPING CENTER DEVELOPMENTS IN C-1 AND C-4.....	1,600	4-6
CONDOMINIUM CONVERSION PERMIT.....	1,800	6-8
STREET NAME CHANGE.....	1,200	4-6
LOCATION AND DEVELOPMENT PLAN APPROVAL.....	380	2-4
TIME EXTENSION REQUEST.....	525	4-6
ZONING COMPLIANCE.....	25	1
ENVIRONMENTAL DOCUMENTATION		
NEG. DEC./I.S. LOCAL (CDD).....	380	Varies
NEG. DEC./I.S. LOCAL (P.C.).....	475	Varies
NEG. DEC./EXP. I.S. (SCH).....	4,200	Varies
ENV. IMP. REPORT.....	12,300	Varies
MITIGATION MONITORING COORDINATION		
NEG. DEC./I.S. LOCAL (P.C.).....	475	
NEG. DEC./I.S. (SCH).....	950	
EIR.....	1,150	
GENERAL PLAN MAINTENANCE AND IMPLEMENTATION.....	0.001 of Bldg. Permit Valuation	
SPECIAL PLANNING AREA STUDY FEE.....	0.0005 of Bldg. Permit Valuation	
ANNEXATION WITHOUT EIR.....	800	
ANNEXATION WITH EIR.....	1,900	
HISTORIC PRESERVATION DISTRICT DESIGNATION OR CHANGES.....	2,180	

¹Requires City Council Approval: Add approximately six weeks

Public School Development

Development is also subject to a public school development fee. This fee was authorized in 1986 by the State legislation and is for the purpose of defraying the cost of school construction caused by new growth. This fee applies to both residential and nonresidential development. As of July 1, 1992, the fee is \$1.65 per square foot for residential development and \$0.27 per square foot for nonresidential development. A school district must declare that it is impacted before this fee can be assessed. All of the school districts within Stockton (Stockton, Lincoln and Lodi Unified School Districts, however Lodi Unified collects \$3.64 per square foot for residential development) are impacted and do collect this fee.

Property Taxes and Proposition 13

The burden of the cost of owning or renting which is attributed to taxes falls most heavily on lower-income households, whose expenditures for housing require a larger proportion of their household incomes. Under Proposition 13, property taxes on homes which are sold are based on their purchase price rather than the 1975-1976 levels that unsold homes are based on, so new home buyers face higher taxes than those who remain in their current residences. Renters are also vulnerable since they have no control over the possible sale of the property in which they live, yet the rent they pay may be raised to cover the new landlord's higher taxes.

One effect of Proposition 13, then, is to deter the mobility of owners. The promise of higher property taxes limits the number of property owners willing to sell their homes and purchase new ones. Proposition 13 also reduces City revenues and those losses are being offset in part by increasing or imposing new fees on construction to cover actual City costs. Increases in these fees are, as described earlier, passed along in the sale and rental of residential units.

Article 34

If a low-rent housing project will be developed, acquired or constructed with the use of at least 50% of government funds, the State Constitution requires local voter approval. This provision of State law represents a significant governmental constraint because there is often considerable public opposition to these types of projects at the neighborhood level. However, in 1988 Stockton's voters did approve a housing project in central Stockton consisting of up to 300 apartments for low-income elderly and handicapped. The sponsor of this project (Stockton Corps of the Salvation Army) will pursue this project as resources become available. Phase 1 of this development will consist of 83 units. Article 34 was modified by a California State Supreme Court decision in August 1990 which ruled that the ballot measure for such projects need not be site specific, somewhat lessening the constraint.

Measure B (Low-Income Housing Projects Measure)

In June of 1990, the Stockton electorate approved a ballot measure permitting the construction, acquisition, rehabilitation, or conversion of housing units to decent, sanitary, and uncrowded conditions for low-income households, not to exceed 500 units per calendar year for a ten-year period.

EXISTING AND ANTICIPATED CITY OF STOCKTON HOUSING PROGRAMS

There are several housing programs which are being utilized that assist persons, especially those of low and moderate-income to acquire and rehabilitate housing within the City, either as home owners or renters. This assistance is provided through Federal and State programs and through programs administered by the City of Stockton. These various programs are described below.

Community Residential Rehabilitation Loan and Grant Program

In 1975, the City Council adopted this program to provide rehabilitation loans in project areas to persons who probably would not otherwise qualify for conventional funds in the open market. The Housing and Redevelopment Department administers the program which is funded with federal Community Development Block Grant (CDBG) funds. This program presently operates in nine project areas in the southern and eastern parts of the City (see Figure III-8) and includes a limited City-wide program.

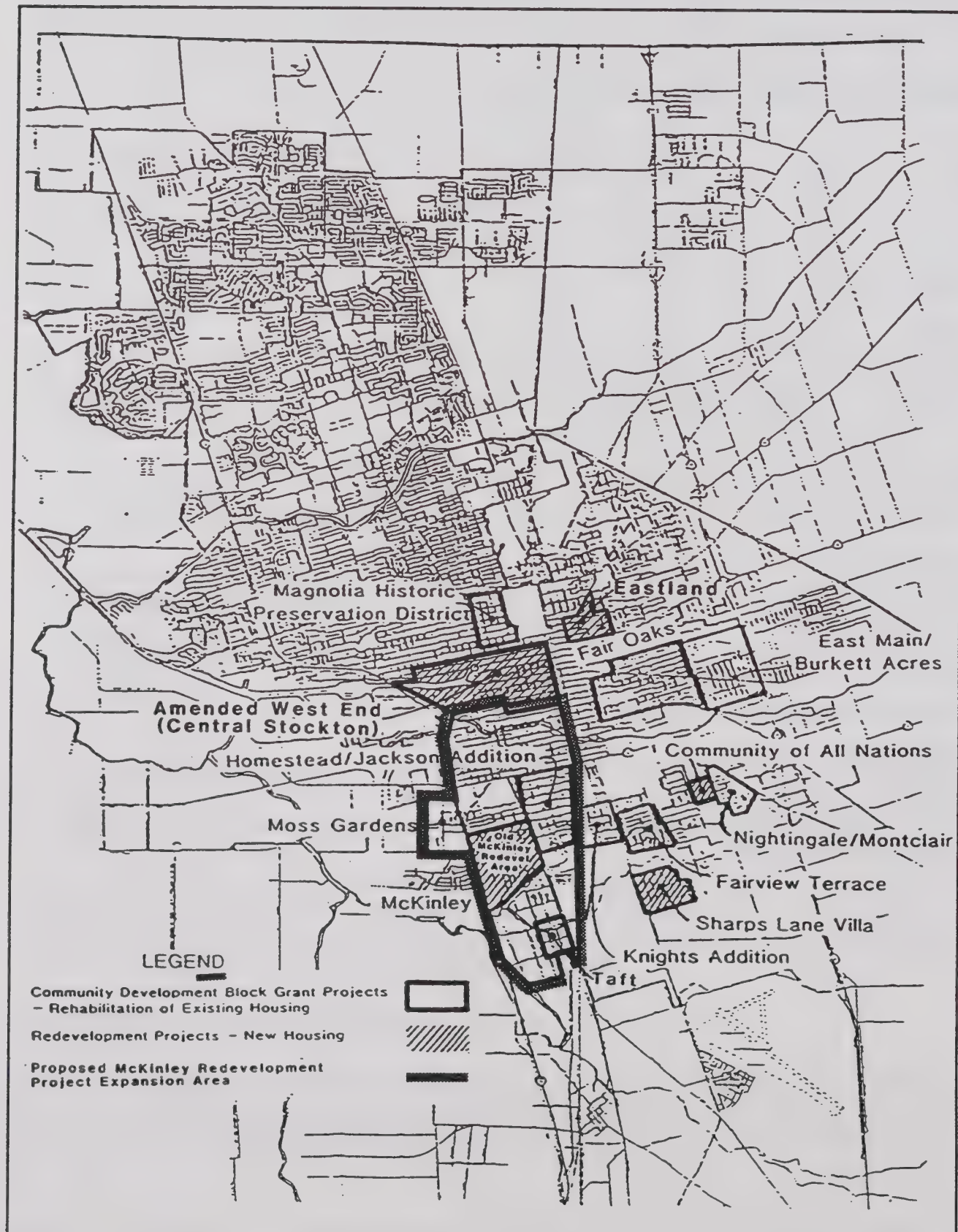
Rehabilitation loans are available to a maximum of \$30,000 at an interest rate of 3% for a term of up to 20 years to owner-occupants to correct housing code violations. Three types of grants are also available. The first is an emergency grant used to correct a situation where there is an immediate and continuing hazard to health and safety. The second type is available to low income handicapped persons to ensure safety, access, and mobility. The third type of grant is used to assist those with extremely low incomes who otherwise could not be helped by any other element of the program. The grants are used to generally make a home more habitable.

Additional programs funded with CDBG funds include home improvement assistance program which reimburses homeowners for up to \$250 worth of exterior paint. General neighborhood revitalization is encouraged through the street improvement program which constructs street and underground improvements within project areas. Finally, rehabilitation assistance is offered to rental property owners to rehabilitate existing rental units. Between 1984 and June 1988, 173 rental units were rehabilitated through this program.

Through the City's Housing and Redevelopment Department Loan Section, technical assistance is provided to existing homeowners wishing to participate in the City's rehabilitation loan program, as well as, providing credit counseling services to first time home buyer's that want to obtain home ownership.

FIGURE III-8

CITY OF STOCKTON REHABILITATION AND REDEVELOPMENT PROJECTS



Redevelopment Programs

Redevelopment Law requires that 20% of tax increments generated from redevelopment areas be set aside in a Low and Moderate Income Housing Fund. The City of Stockton set aside approximately \$250,000 for the Low and Moderate Income Housing Fund in 1992. This amount is anticipated to increase to approximately \$320,000 by 1997, or about 5% per year. These funds are to be used by the Redevelopment Agency for short and long-term financing of affordable housing activities. The range of anticipated uses of these funds include predevelopment financing for multi-family housing projects, acquisition financing for a new migrant farm worker project, long-term financing for origination costs associated with a revenue bond program, and several similar housing transactions.

Currently, this Low and Moderate Income Housing Fund may fund the development of low/moderate income housing within a redevelopment project, such as the 33-lot single family Homestead Estates Subdivision in the McKinley Redevelopment Project and the 17-lot single family Allmon Place Subdivision in the All Nations Redevelopment Project. In these instances the funds are placed in a short-term construction loan fund with the funds being returned upon the completion of construction and permanent financing being secured by the homeowner. In addition, this fund may be utilized outside a redevelopment project area. For instance, a long-term loan was made to a development and construction company for the purchase of a building in Stockton's downtown. This building is currently being converted into an affordable 156-unit single-room occupancy hotel.

The West End Redevelopment Project, administered by the Housing and Redevelopment Department, has promoted the redevelopment of the westerly portion of the Central Business District. This renewal project consists of three phases, the first of which began in 1961. While being primarily a commercial redevelopment effort, the project has had substantial housing impacts. Under the first phase, West End I, two apartment complexes were constructed totaling 238 units; all of which provide subsidized housing under the Federal Section 8 Housing Assistance Program. West End II has provided a total of 350 housing units consisting of 150 elderly apartments and 200 garden apartments. The 150 elderly apartments are subsidized under the Section 8 Program.

Lot Acquisition/Land Banking Program

As part of the Community Development Block Grant Program, an allocation of \$250,000 was made for the purpose of creating a fund to acquire sites of opportunity for land banking purposes and future development of affordable housing. In addition, the City of Stockton currently owns several sites that have become surplus land for government use which are being held as possible future sites for the development of affordable housing. These include a three acre parcel on the east side of Fontana Avenue immediately south of Country Club Boulevard, several small surplus sites that were created as part of the alignment and construction of the Cross-Town Freeway, and several sites within various Stockton Redevelopment projects.

Short-Term Financing

Both the City and Redevelopment Agency have been active in providing short-term financing to private profit and nonprofit developers for the production of low income housing. Funding sources have included the Redevelopment Agency's Low and Moderate Housing Fund Reserve, Community Development Block Grant funding, and more recently the new federal HOME program, which allows both short and long term financing. These programs and financing sources are ongoing and currently being implemented.

This loan activity helps to promote low-cost housing by filling the short-term financing "gap" which exists until permanent financing is provided by the California Housing Finance Agency, the Federal Farmers Home Administration or other long-term lender. This program also allows the City to get maximum use of its Block Grant funds, as this program quickly recycles money back to the City for reuse.

Section 8 Low-Income Rental Assistance

Section 8, a rent subsidy program, is the main source of federal housing assistance for low-income persons. Under the Federal Housing and Urban Development Department, Section 8 is designed to provide housing opportunities throughout the City.

The program operates by providing housing assistance payments to owners, developers and public housing agencies to make up the difference between the "fair market rent" of a unit (set by HUD) and the tenant's contribution toward the rent.

Section 8 has three major parts, new construction, substantial rehabilitation and existing housing. The new construction and substantial rehabilitation programs guarantee Section 8 payments to the owner of a newly constructed (or substantially rehabilitated) project whenever tenants residing in the project are eligible to receive Section 8 assistance. The existing housing program, in contrast, gives a subsidy to the owner of an existing housing unit whenever an eligible family rents that unit. In the first two programs, the subsidy is tied to the project, while under the existing housing program, the subsidy follows the family which, by its choice of housing, determines where the payments shall be made. The existing housing program is administered through the Housing Authority of the County of San Joaquin. As of April 1992, the Housing Authority was administering 2,791 units of Section 8 existing housing in the City. Another 1,300 housing units are operated under the new construction, substantial rehabilitation and other related programs of Section 8.

Conventional Public Housing

Conventional public housing was first provided for under the U.S. Housing Act of 1937. Within Stockton two conventional public housing projects exist, Conway Homes and Sierra Vista. These two projects provide for 830 dwelling units. The Housing Authority owns the projects and is responsible for their management and operation.

After Care Housing

The California Department of Housing and Community Development administers the federally funded after care housing program. This program provides Section 8 assistance to mentally and physically handicapped outpatients who are otherwise unable to afford adequate housing. Potential recipients must apply for these funds through City and County agencies or through nonprofit organizations engaged in providing housing for disabled persons. As of April 1992, there were approximately 68 housing units provided under this program within the City.

HOME Program

Based on the Affordable Housing Act of 1990, the City anticipates participating in a new entitlement program identified as HOME. This federal housing block grant to localities and states is intended to:

- expand the supply of affordable housing, with an emphasis on low income rental housing;
- strengthen the abilities of state and local governments to design and carry out affordable housing strategy;
- provide federal financial and technical assistance to support state and local efforts.

Eligible activities include moderate rehabilitation, substantial rehabilitation, new construction, site improvements, acquisition, tenant-based rental assistance, financing costs and relocation benefits.

Funds may be used as loans or grants, interest rate subsidies, equity or other methods approved by HUD. For local governments, the minimum HOME allocation is \$500,000 to qualify for a direct allocation. However, no jurisdiction can participate directly unless at least \$750,000 is in their HOME account. Stockton's fiscal year HOME allocation was \$1,331,000 for 1992 and \$881,000 for 1993.

Matching funds are required, and sources may include cash (exempting Community Development Block Grant Funds), deferred or abated taxes or fees, the value of land or land writedowns, the value of any on site improvements and administrative costs of up to seven percent of the jurisdiction's HOME allocation. The matching funds may be reduced by HUD during the first three years of the program, with fiscal year 1992 being the first year in which both Stockton and San Joaquin County are designated as participating jurisdictions, however there are limitations on these reductions. For rental housing, at least 90 percent of the funds must be used for the units that serve households at or below 60 percent of the area median income. The balance of the funds must be used for units that serve households at or below 80 percent of the area median income. For home ownership programs, one hundred percent of the funds must be used for units that serve households at or below 80 percent of the area median income.

Promoting Housing Opportunities For All Persons

The City of Stockton provides annual financial support to the Stockton/San Joaquin Community Housing Resource Board and contracts with that agency to implement and carry out fair share housing activities within the City. Part of those services are to provide information and process allegations of housing discrimination, and to provide tenant/landlord mediation services to both low income residents and rental property owners. Residents requesting assistance can contact the Community Housing Resources Board directly or be properly referred by contacting the City. In addition, the Resource Board works closely with the Stockton Board of Realtors, Delta Community College, and other public agencies in creating and maintaining a network of information and maintains a directory of programs and services offered.

REVIEW AND EVALUATION OF THE AMENDED 1990 HOUSING ELEMENT

This section reviews and evaluates the amended 1990 Housing Element of Stockton's General Plan. In accordance with State law, three characteristics of the 1990 Element are reviewed; the Element's effectiveness, the progress in implementing the Element and the appropriateness of the amended 1990 Housing Element goals, objectives, and policies.

Effectiveness of the Element/Progress in Implementation

The effectiveness of the amended 1990 Housing Element is defined by how closely it achieved its four-year objectives (1989-1992). The Element's progress in implementation is reviewed by the analysis of the differences between what was projected and what was achieved. The objectives subject to this review are part of the four-year schedule outlined in the General Plan Policy document, page III-19, which was adopted January 22, 1990.

The amended 1990 Housing Element's main objective under the goal of adequate sites was to monitor the supply of residential land in the 1984 General Plan. This objective has been met by the approval of 15 projects covering 5,600 acres and containing over 25,300 units at buildout.

Addressing goals of affordability, the amended 1990 Housing Element proposed 6 objectives. One objective was to continue working with the Housing Authority of San Joaquin County to provide assisted housing through the Section 8 Program. The amended 1990 Element proposed to provide 260 units under the Section 8 program. Over the four-year period 197 Section 8 units were provided. As of April 1992, the Housing Authority was administering 2,791 units of Section 8 existing housing in the City, with another 1,300 units operated under the new construction, substantial rehabilitation and other related programs of Section 8. A second objective was to provide short-term financing to developers providing low-cost housing. This objective proposed to finance 180 units. This objective was met with a total of 212 units. A third and fourth objective was to maintain at least 900 acres of vacant land for low/medium density residential uses and at least 300 acres of vacant land for high density residential uses respectively. The City's General Plan has more than 8,000 acres designated for low/medium density residential development and more than 500 acres for high density residential development.

A fifth objective involved working with the Low-Income Housing Coalition to identify specific sites and a detailed program for developing low-income, single room occupancy units and homeless/transitional housing. This objective was met with the selection and preparation of four sites. One site, which is presently used by the Stockton Homeless Shelter, (was identified as a feasible location for the future expansion of the shelter. The expansion was approved in August of 1992 which will make room for eight additional families. The second site is located at the northwest corner of Harrison and Worth Streets. ACLC, as a member of the Low-Income Housing Coalition, proposed to develop this two acre site with approximately 30 units as a planned unit residential development. This project was approved in January of 1991 and is currently under construction. A third site is located at the southeast corner of Jackson and San Joaquin Streets. ACLC also proposed to develop this site two acre site with approximately rental 30 units solely for farmworkers and their families. This project was approved in February of 1992 and is anticipated to start construction in late 1992 or early 1993. The last site is located at the northeast corner of Main and American Streets. This proposal (known as the Phoenix Hotel) involved the rehabilitation of a five-story structure to allow commercial uses on the ground floor and single room occupancy (SRO) for semi-permanent guests (156 rooms). This project was approved in January of 1991 and should be completed by early 1993. The last objective was to gather information and develop options concerning the possible loss of existing low-income multi-family rental units due to the termination of federal mortgage and/or rent subsidies. This objective is to be achieved in accordance with the program outlined in the report on the Preservation of Assisted Housing, which is contained in the 1992 Housing Element, Appendix A.

The amended 1990 Housing Element proposed two objectives addressing goals concerning governmental constraints. One objective proposed to reduce public facilities fees for the central Stockton area. Facilities fees for the central Stockton area (Area 3) have been reduced by approximately 30% compared to the other fee areas. A second objective was to amend the City's zoning code to provide for shared housing, zero lot lines, and accessory units.

The City's existing zoning ordinance does provide for accessory units on larger lots and zero lot lines within planned unit residential developments, but zoning ordinance amendments to provide additional provisions for these uses have not been enacted.

The last goal addressed in the amended 1990 Housing Element's four-year schedule of actions is under the category of preserving housing and neighborhoods. Four objectives addressed this concern. The first objective proposed to encourage the maintenance and beautification of homes through a paint rebate program. The amended 1990 Element proposed that 10 units per year would take advantage of this program. A total of 31 units have participated in the paint rebate program. The low participation rate in this program is due in part to the "do it yourself" labor required and the need to make an initial prepayment for the paint. A second objective proposed the rehabilitation of 600 dwelling units through loans and grants. This objective was substantially met with the rehabilitation of 511 dwelling units during the four-year period. The third objective was to continue to pursue an active housing abatement program effecting 125 units a year. This objective was substantially met with approximately 110 housing units abated annually during the four-year period. The fourth objective was to provide improvements for 160 units within residential rehabilitation areas through the Public Works Department (i.e. street

rebuilding, storm drains, curbs, gutters and sidewalks). The City's Public Works rehabilitation program provided improvements for 233 units.

The City of Stockton did achieve the majority of the amended 1990 Housing Element's objectives listed on the four-year schedule of actions. In total, 409 units of affordable housing were produced, 775 housing units were rehabilitated or otherwise provided with improvements, and substantial amendments were made to the 1990 General Plan to promote housing. Several of the objectives that were not met were due to unexpected cutbacks in the federal funding which supported that program (i.e. Section 8 housing, housing rehabilitation loans and grants). Some objectives were not met because the City simply overestimated the demand for that particular program (i.e. paint rebate program). Finally, some objectives were not met because the City determined that after additional consideration, code amendments to further promote existing housing options would not be beneficial nor result in increased housing opportunities.

Appropriateness of Goals, Policies and Objectives

As evidenced by the substantial achievement of the objectives of the amended 1990 Housing Element, the 1990 Element's goals, policies, and objectives were appropriate. The goals and policies of the 1992 Housing Element (see Policy Document - Section III.2 Housing) are very similar to the 1990 Element.

The 1992 objectives contain a strong commitment to various forms of housing preservation, to the Section 8 assistance program and to insuring adequate sites for housing in the General Plan.

The four-year objectives that were not achieved by the 1990 Housing Element also provided guidance in evaluating the existing policies and setting realistic objectives for the 1992 Housing Element.

ENERGY CONSERVATION OPPORTUNITIES

The City of Stockton has been actively involved in energy conservation programs. A City Council Energy Conservation Committee, for which there are seven advisory citizen subcommittees, has been pursuing means by which the City can promote energy conservation. Many of the opportunities which are available to Stockton to promote and encourage conservation have been considered and studied by the subcommittees. The following list, by no means complete, includes some of the possible conservation opportunities which relate to housing and housing issued:

1. ENFORCEMENT of existing state and local energy conservation legislation
 - a. Solar Rights Act of 1978
 - b. Solar Shade Control Act of 1978
 - c. Title 24 Building Regulations
 - d. Clothesline Ordinance
 - e. Solar Standards Ordinance
 - f. Street width Reduction in new Subdivisions
2. SUPPORT of proposed energy conservation ordinances

1. ENFORCEMENT of existing state and local energy conservation legislation
 - a. Solar Rights Act of 1978
 - b. Solar Shade Control Act of 1978
 - c. Title 24 Building Regulations
 - d. Clothesline Ordinance
 - e. Solar Standards Ordinance
 - f. Street width Reduction in new Subdivisions
2. SUPPORT of proposed energy conservation ordinances
 - a. Parking Lot Tree Shading Ordinance
 - b. Solar Access Ordinance
3. PROMOTION of Policies and Programs to encourage energy conservation
 - a. City-wide Education Program for schools and general populous
 - b. Subdivision Map review to encourage lot orientation which would take advantage of natural heating and cooling
 - c. Permit the use of solar energy systems in all zoning districts and modify code restrictions wherever present height or setback restrictions prohibit an adequate collector location
 - d. Implement an incentive or "bonus" program for higher densities to encourage solar and alternative conservation measures
 - e. Permit a greater flexibility, in terms of reducing setbacks to allow for more energy conserving development
 - f. Permit a mix of land uses in residential areas to reduce energy costs of travel to work and shopping, etc.
 - g. Implementation of a bikeway system to link residential uses with other uses as an integral part of the subdivision design
 - h. Study the feasibility of alternative energy producing projects
 - i. Require the utilization of energy conservation features in all redevelopment projects

It is expected that the State will continue to take a leadership role in both the encouragement and the enforcement of energy conservation standards, policies and regulations. It is anticipated that the implementation of State energy conservation codes and standards will help reduce energy consumption in housing developments. The City is implementing the energy conservation building standards contained in Title 24 and encouraging the maximization of east-west street orientation, when feasible, for residential heating and cooling opportunities in new subdivisions.

The City of Stockton, through the Stockton Conservation Committee, will continue to promote various conservation programs and opportunities and will implement appropriate policies wherever feasible in order to achieve energy conservation.

DEFINITIONS

Affordable Housing - Housing whose cost (rent or mortgage plus tax and insurance) is not more than 25% of the occupant's gross income.

Contract Rent - The monthly rent agreed to, or contracted for, regardless of any furnishings, utilities, or services that may be included.

Family - Two or more persons, including the householder, who are related by birth, marriage, or adoption, and who live together as one household.

Gross Rent - Contract rent plus the estimated average monthly cost of utilities (water, electricity, gas) and fuels (oil, coal, kerosene, wood, etc.) to the extent that these are paid for by the renter (or paid for by a relative, welfare agency, or friend) in addition to the rent.

Household - The person or persons occupying a housing unit.

Housing Unit - A house, apartment, mobile home or trailer, group of rooms, or single room occupied as a separate living quarter or, if vacant, intended for occupancy as a separate living quarter. Separate living quarters are those in which the occupants live and eat separately from any other persons in the building and which have direct access from the outside of the building or through a common hall.

Income Levels - Income categories are defined with respect to the area or county median income and are adjusted for household size, as follows:

Very Low Income - Less than 50 percent of the area or county median income.

Other Lower Income - Between 50 percent and 80 percent of the county median income.

Lower Income - Less than or equal to 80 percent of the county median income (i.e., combination of very low income and other lower income).

Moderate Income - Between 80 percent and 120 percent of the county median income.

Above Moderate Income - Above 120 percent of the county median income.

Manufactured Housing - A dwelling unit installed at the building site by connecting one or more segments which have been made in a manufacturing facility located off of the site. A manufactured home is built in compliance with the Federal Manufactured Housing Construction and Safety Standards Act of 1974.

Mean - The average of a range of numbers.

Median - The midpoint in a range of numbers.

Mobile Home - A movable, factory-built home, built prior to the 1974 Federal Manufactured Housing Construction and Safety Standards Act.

Overcrowding - Households or occupied housing units with 1.01 or more persons per room.

Year-round Housing Units - All occupied units plus vacant units intended for year-round use, but excluding vacant units held for seasonal use or migratory labor.

BIBLIOGRAPHIC REFERENCES

Housing Authority of San Joaquin County. 1991 Annual Report.

San Joaquin County Council of Governments. San Joaquin County Regional Fair Share Housing Plan 1990-1997, May 1991.

San Joaquin County. San Joaquin County General Plan 2010, March 1991 Draft.

State Department of Housing and Community Development. Shelter For The Homeless: Housing Element Requirements, October 1989.

Stockton, City of. Comprehensive Homeless Assistance Plan, February 1989.

Stockton, City of. Comprehensive Housing Affordability Strategy (CHAS), 1992 and 1993.

Stockton, City of. Housing Assistance Plan, 1988-1991.

U.S. Bureau of the Census. "Asian and Pacific Islander Population Doubled." Census and You, Volume 26, No. 12 (December 1991): 3.

U.S. Bureau of the Census. Housing and Population Census, 1960-1990 (STF1 and STF3).

U.S. Department of Commerce. Construction Review, July/August 1991.

PERSONS AND ORGANIZATIONS CONSULTED

Armstrong, Warren, University of California Cooperative Extension

Cleary, Camilla, State of California, Department of Housing and Community Development

Filios, Bill, A.G. Spanos Development Company, Stockton

Johnston, Louise, Family Resource and Referral Center, San Joaquin County

Kulm, Wes, City of Stockton Housing and Redevelopment

McCoy, John, Associated Brokers, Stockton

Mendelson, Bill, Stockton Shelters for the Homeless

Munson, Russ, Verner Construction Company, Stockton

Rinker, Jim, Housing Authority of the County of San Joaquin

Spano, Jeff, State of California, Department of Housing and Community Development

Stockton Board of Realtors

Williams, Peter, San Joaquin County Council of Governments (COG)

APPENDIX A

(City of Stockton 1992 Housing Element)

ANALYSIS ON THE PRESERVATION OF ASSISTED HOUSING UNITS

Prepared for:

City of Stockton
Community Development Department - Planning Division
345 N. El Dorado Street
Stockton, CA 95202
(209) 944-8266

Prepared by:

California Housing Partnership Corp.
2201 Broadway, Suite 823
Oakland, CA 94612
(510) 465-4933

and

Renee Franken & Associates
P.O. Box 548
Carmichael, CA 95609
(916) 978-9965

February 1993

TABLE OF CONTENTS - APPENDIX A

	Page
INTRODUCTION	III-A1
The Preservation Problem	III-A1
Government Housing Assistance	III-A2
Housing Element Requirements	III-A2
Timeframe of the Preservation Amendment	III-A2
PROJECTS "AT RISK" PRIOR TO JULY 1, 2002	III-A4
Federally Financed Projects	III-A5
Projects Financed Under Section 221(d)(3)BMIR	III-A5
Projects Financed Under Section 236	III-A5
Projects Financed Under Section 202	III-A6
Section 221(d)(4) with Section 8 Subsidies	III-A6
Project-based Section 8 Subsidies	III-A6
HUD Property Disposition Projects	III-A7
State Financed Projects	III-A7
Miscellaneous	III-A7
Locally Financed Projects	III-A7
Locally Issued Tax-Exempt Bonds	III-A7
Community Development Block Grants, Housing Set-aside Funds, and Low Income Housing Tax Credits	III-A8
PROJECTS "AT RISK" AFTER JUNE 30, 2002	III-A8
Federally Financed Projects	III-A8
State Financed Projects	III-A8
California Housing Finance Agency - Tax-Exempt Bonds	III-A8
Department of Housing and Community Development - Rental Housing Construction Program (RHCP)	III-A9
California Housing Rehabilitation Program - Rental (CHRP-R)	III-A9
Locally Assisted Housing	III-A10
City of Stockton Redevelopment Agency Housing Set-aside Funds	III-A10
Community Development Block Grant Program (CDBG)	III-A10
Low Income Housing Tax Credit Program (LIHTC)	III-A10
Cost Analysis	III-A11
Summary of the At Risk Projects	III-A11
IDENTIFICATION OF RESOURCES	III-A14
Public and Private Non-Profit Agencies	III-A14
FEDERAL, STATE, & LOCAL FINANCING FOR PRESERVATION	III-A15
Establishment of a Preservation Objective	III-A15
Local Programs for Preservation Activities	III-A16
STRATEGIES	III-A16
Section 236 Projects	III-A16
Project Based Section 8	III-A19
Projects with Other Financing	III-A19
Future Strategies	III-A19

TABLE OF CONTENTS (Continued)

	Page
ATTACHMENT 1 - Explanation of Assumptions Used in Replacement and Preservation Cost Calculations	III-A20
REPLACEMENT COST ANALYSIS	III-A20
Basic Assumptions	III-A20
Estimating Rents	III-A21
Estimating Operating Expenses	III-A21
Calculating the Supportable Loan	III-A22
Public Subsidy Required for Replacement of At Risk Units	III-A22
PRESERVATION COST ANALYSIS	III-A22
Estimating Market Rents	III-A22
Estimating Operating Expenses	III-A22
Establishing Preservation Value or Purchase Price	III-A22
Estimating the Required Public Subsidy	III-A23
Section 236 Projects	III-A23
All Other Projects	III-A23

LIST OF TABLES

TABLE 1:	PROJECTS AT RISK (1992-2002)	III-A3
TABLE 2:	PROJECTS WITH RENT RESTRICTIONS EXPIRING AFTER JULY 1, 2002	III-A4
TABLE 3:	COMPARING THE COSTS OF REPLACING AND PRESERVING UNITS AT RISK OF CONVERSION TO MARKET RENT (Group 1) . . .	III-A12
TABLE 4:	COMPARING THE COSTS OF REPLACING AND PRESERVING UNITS AT RISK OF CONVERSION TO MARKET RENT (Group 1 - Except Bond Financed Projects)	III-A13
TABLE 5:	COMPARING THE COSTS OF REPLACING AND PRESERVING UNITS AT RISK OF CONVERSION TO MARKET RENT (Group 2) . . .	III-A14

LIST OF CHARTS (Calculations)

CHART 1:	SECTION 236 PROJECTS	III-A24
CHART 2:	SECTION 8, SECTION 221(d)(4)	III-A26
CHART 3:	TAX-EXEMPT BOND PROJECTS	III-A28

CITY OF STOCKTON

Preservation of At Risk Housing

INTRODUCTION

In recent years both the federal and California governments have taken actions to encourage preservation of existing assisted low and moderate income rental housing. The federal government adopted the Emergency Low-Income Housing Preservation Act of 1987 (ELIHPA) and the Low-Income Housing Preservation and Resident Homeownership Act of 1990 (LIHPRHA). These laws limit the ability of owners of rental housing assisted by the federal government to convert the housing to market-rate apartments and provide resources for preservation if certain conditions are met.

In California, Chapters 1451 (Statutes of 1989) and 889 (Statutes of 1991) require every community's housing element to address the issue of conversion of low-income units by making plans either to preserve them or to replace them as these units become at risk.

The Preservation Problem

Decades ago, federal, state and local governments acknowledged the great need for more affordable rental housing. At each level of government programs were started to promote development of such housing. Over the years, from a national perspective, millions of low- and moderate-income apartments have been developed using government incentives. Now, the same governments face the prospect that many of the assisted units will be converted to market-rate housing, causing massive displacement of residents who lack the financial means to afford apartments available on the open market.

On the national level, a 1986 U.S. General Accounting Office report estimated that 1.8 million federally-assisted rental housing units could be lost to the low-income housing stock by the year 2000. In California, a 1987 report by the Senate Office of Research predicted that as many as 117,000 assisted rental units may be converted to market rate housing by the year 2008.

Despite the enactment of ELIHPA and LIHPRHA, displacement of low-income tenants can still occur. First, these acts do not prevent those with Section 8 subsidies from opting out of that assistance where allowed. Only a one-year notice to opt-out is required. Second, projects may be converted when the Section 8 contracts expire. Third, these laws do not cover or affect the thousands of affordable apartments developed through the use of state or local financing programs. Lastly, some FHA 236 and 221(d)(3) financed projects do not qualify either for ELIHPA or LIHPRHA, and in limited situations, these laws may not preserve the stock.

The loss is compounded further by expiring regulatory restrictions at the local level in conjunction with financing by localities to develop affordable rentals using the tools available to them: redevelopment agency housing set-aside funds, low income housing tax credits (LIHTC), density bonus and inclusionary housing ordinances, and mortgage revenue bonds (MRBs), among others.

The City of Stockton has used most of these local resources to cause development or rehabilitation of affordable rental housing. The City benefitted from the financing offered by the federal government under the Section 236 and Section 8 programs. Considering all projects receiving federal, state or City assistance, approximately 4,500 units have been developed or rehabilitated in the City of Stockton. Of those, about 1,500 units are restricted in some way to low and moderate income residents. About 40% of the 1,500 units are occupied by senior citizens, the remainder are family units. Of the more than 1,500 rent-restricted units, about 1,000 are at risk during the ten years covered by this analysis.

Government Housing Assistance

Starting in the 1960's, the federal government encouraged private housing developers to build rental housing for low- and moderate-income households and families. In urban areas, the incentives were provided through the Department of Housing and Urban Development through five principal programs: Section 221(d)(3)BMIR, Section 221(d)(4), Section 202, Section 236 and Section 8. In rural America, the Farmers' Home Administration provided loans under its Section 515 and rent supplement programs.

As part of these financing programs, the federal government gave project owners the option of terminating their participation in these programs prior to loan maturity or rental contract expirations. On the election of the project owner to terminate the federal assistance, the requirement to rent units to low-income tenants also ended.

Housing Element Requirements

California law now requires every community to revise its housing element to assess the potential for low-income tenant displacement and to address it. The analysis must look to the next ten years and must include the following components:

1. an inventory of the at risk units
2. a cost analysis comparing the costs of preserving versus replacing the at risk units
3. identification of the resources for preservation
4. a numerical preservation objective, and
5. local strategies for preservation

Timeframe of the Preservation Amendment

The housing element amendment, Preservation of Assisted Housing, will encompass all housing projects at risk during a ten-year period from July 1, 1992 through June 30, 2002.

The first of the two five-year subsets will cover the period from July 1, 1992 through June 30, 1997. The second subset will run from July 1, 1997 through June 30, 2002.

There is only one Group 2 project and it will be denoted with an asterisk (*). Both Group 1 and Group 2 projects are listed in Table 1.

TABLE 1
PROJECTS AT RISK (1992-2002)

Owner Type	Project Name	Address	Total Units	Low Inc Units	Rent Level	Income Level	FHA	Sec. 8	Other	Comments
JULY 1, 1992 - JUNE 30, 1997										
	Stockton Gardens	1025 Rosemarie 95207	80	80	30% of Income	80%	June 29 1996			Filed NOI
	Hammerlane Village	210 Iris Ave. 95207	130	130	30% of Income	50%		June 30 1992		Renewing
NP	Casa Manana Inn	3700 N. Sutter 95204	161	161	30% of Income	50-80%	June 1 2007	June 17 1993		
	Dewey Apartments	507 N. Pilgrim 95205	10	10	30% of Income	80%	Sept 21 1993			
	Ingelwood Gardens	6439 Inglewood 95207	84	84	30% of Income	50%	Sept 29 1993			
	Delta Village	1625 Rosemarie 95207	80	80	30% of Income	50-80%	Sept 19 1997	May 31 1994		
	Mariners Pointe	8275 Mariners Dr. 95207	220	44	30% of Income	80%			Aug 28 1994	
	Franco Center	c/o 144 Mun Kwok 95202	110	110	30% on Income			Jan 10 1995		
	Stockton Terrace	246 Iris Ave. 95210	80	80	30% of Income		Aug 27 1995			
	Colonial West I	8534 Don Ave. 95209	72	15	30% of Income			1996		
	Colonial West II	7667 Kelley Dr. 95209	72	15	30% of Income			Apr 2 1996		
NP	Filipino Center	6 West Main 95202	128	128	30% of Income	Dec 7 2012	Jul 31 1996			
	Village East	242 S. Filbert 95205	190	190	30% of Income	April 30 1993				
	Subtotal		1,417	1,127						
JULY 1, 1997 - JUNE 30, 2002										
	Brookside Place	4449 Feather River 95207	128	26	30% of Income	80%			Sept 2 1997	
	Total		1,545	1,153						

A number of housing developments have rent restrictions which will terminate after July 1, 2002. These projects are listed in Table 2 and are discussed briefly in the text below.

TABLE 2
PROJECTS WITH RENT RESTRICTIONS EXPIRING AFTER JULY 1, 2002

Owner Type	Project Name	Address	Total Units	Low Inc. Units	Rent Level	Income Level	Earliest Conv. Date	Comments
	El Dorado Hotel	1700 E. El Dorado 95205	39	39	30% of Inc.	50%	2003	
	Steamboat Landing	25 S. Commerce 95202	151	150	30% of Inc.	50%	Feb 16, 2003	
NP	Plymouth Place	1320 Monroe 95206	65	65	30% of Inc.	50%	May 6, 2003	
	Horizon Apts.	620 N. Harrison 95203	16	16	30% of Inc.	50%	2003	
	Mayfair Apts.	807 N. El Dorado 95202	47	47	30% of Inc.	50%	2004	
	Bennett Apts.	135 E. Magnolia 95207	24	24	30% of Inc.	50%	2004	
	Madison Arches	1337 N. Madison 95202	24	24	30% of Inc.	50%	2004	
	All Nations	2172 Dackery Ct. 95206	75	75	30% of Inc.	50%	Sept 2, 2021	
	Villa San Joaquin	324 E. Jackson	30	30	30% of Inc.	50%	2027	
	Delta Plaza ¹	702 N. San Joaquin 95202	30	30	30% of Inc.	50-60%	2043	
	Phoenix Hotel	601 Main 95202	156	156	30% of Inc.	60%	2046	
	Santa Fe Townhomes ¹	Harrison and Worth 95208	31	31	30% of Inc.	50-60%	2053	
¹ Under Construction								

PROJECTS "AT RISK" PRIOR TO JULY 1, 2002

In terms of construction type, the "at risk" projects in the City of Stockton generally fall into one of two categories. By far the greatest number of projects are two-story garden type apartments. These typically serve families rather than elderly persons. Many of these developments contain at least some three and four-bedroom units, making them suitable for large families. The apartments are frequently dispersed among several buildings of wood-frame construction with either wood or stucco siding. While there are some carports, most parking is paved but uncovered. These projects offer basic housing with few special amenities. A swimming pool and spa are seldom provided. Laundry facilities and a small management office are usually on site. Many of these developments were built during the 1970's and early 1980's at densities of 17 to 20 units an acre.

The other category of project frequently seen is the multiple story masonry building. These buildings tend to be older projects and a few have historic significance. The federal, state and local financing provided to these projects was generally for the purposes of acquiring and rehabilitating (for earthquake or fire safety) the units which were in serious disrepair. Like their newer counterparts, these developments have few amenities. These projects were developed at higher than average densities and are generally located in the central city area where high densities are still permitted. The majority of these developments are not at risk for conversion to market rate units during the ten years covered by this analysis.

Federally Financed Projects

Projects Financed Under Section 221(d)(3)BMIR

In the City of Stockton there are no projects financed under Section 221(d)(3)BMIR.

Projects Financed Under Section 236

Under the Section 236 program, the Department of Housing and Urban Development (HUD) provided low-interest loans for 90 percent of the project financing for a 40-year term. The loans were made by private lenders and the interest rate was written down by HUD to as low as 1%. Rents are controlled by HUD and are based on the cost of operations, debt service and a modest return on investment. Many of these projects also have Section 8 rental subsidies. Under the Section 8 program, HUD pays the project owner the difference between "fair market rents" (or approved rents in the case of 236 and 221(d)(3) projects) for units and 30 percent of the low-income tenants' household income. Many of these projects now make over half their units available to very-low income households (e.g. households with incomes below 50% of the area median income), and the rest to lower- and moderate income households. Conversion to market rate may occur when owners prepay their 40-year loans after the first 20 years.

Currently in Stockton, there are 568 units financed under the Section 236 program in six projects.

Project Name	Financing Source	Earliest Conv. Date
Village East	Sec. 236 & Sec.8	April 30, 1993
Dewey Apartments	Sec. 236	September 21, 1993
Delta Village	Sec. 236 & Sec.8	May 31, 1994
Stockton Terrace	Sec. 236	August 27, 1995
Filipino Center	Sec. 236 & Sec.8	July 31, 1996
Stockton Gardens	Sec. 236	June 29, 1996

To date, only one owner has filed a Notice of Intent (NOI) with the Department of HUD and is subject to both ELIHPA and LIHPRHA (Stockton Gardens). Under ELIHPA, the owner may obtain additional financial incentives from HUD in exchange for continuing the low-income restrictions on the property for another 20 years. These incentives include: raising rents to actual market and refinancing a part of their equity in the project. Tenants pay 30% of their income, up to actual market.

All of the other Section 236 projects fall under the Low-Income Housing Preservation and Resident Homeownership Act of 1990 (LIHPRHA). LIHPRHA restricts the ability of owners of Section 221(d)(3), and 236 federally subsidized units to prepay mortgages, eliminating the unfettered ability of owners to terminate affordable rent agreements and providing the owner

with incentives to remain in the programs. If the owner does not take the incentives, the owner may choose to sell. However, during the first twelve months, LIHPRHA provides tenants, nonprofit organizations, or local governments an exclusive right to negotiate for the purchase of the units. LIHPRHA also provides financial assistance to those groups to purchase the housing.

The 128 units in the Filipino Center project are not considered to be at risk of conversion because they are owned by a nonprofit organization which is not eligible to prepay.

Projects Financed Under Section 202

Projects financed under Section 202 receive a direct loan from the Department of HUD. The projects are restricted exclusively to elderly and handicapped residents and the loans are made only to nonprofit groups. Since the following units are owned by a nonprofit organization, they are not expected to be at risk for conversion until the full term of the mortgage. These loans may not be prepaid.

Project Name	No.Low Income Units	Earliest Conv. Date
Casa Manana	128 of 128 (26 Sec 8)	June 17, 1993

In the Section 202 program, Section 8 rental assistance is provided to tenants who are not over income. In the Casa Manana project, 26 households receive Section 8 assistance.

Section 221(d)(4) with Section 8 Subsidies

There are 18 projects financed under Section 221(d)(4) in Stockton. There are no rent restrictions on units in Section 221(d)(4) assisted developments unless, of course, Section 8 has been provided for some or all the units. In Stockton, only three of these projects have any Section 8 subsidies and only two of them are at risk in the next ten years. There are 2,036 units in the projects which do not have any Section 8 subsidies.

Project Name	No.Low Income Units	Earliest Conv. Date
Inglewood Gardens	84 of 84	September 29, 1993
Hammer Lane Village	130 of 130	June 30, 1997 ¹
¹ The owners of the Hammer Lane Village Apartments and HUD are in the process of renewing the Section 8 contract for another five years from the June 30, 1992 expiration date.		

Project-based Section 8 Subsidies

In this category, the federal government pays the project owner the difference between a tenant's rent contribution (e.g. 30% of the household's income) and a higher contract rent set by HUD

which may be at or near market-rate levels. Tenants served have incomes at or below 50% of the area median income. Unlike tenant-based Section 8 programs, the project-based Section 8 subsidies are tied to the units and cannot be used by the current tenants if they move elsewhere. The Section 8 assistance can be lost either through opting out of the program at five year intervals where allowed, or expiration of a contract at the end of its term. We are listing in this category those projects which receive project-based Section 8 and are not financed by a federal loan. Projects which receive Section 8 along with other financial assistance from the federal or state governments are described in other categories.

Project Name	Financing Source	Earliest Conv. Date
Franco Center	Sec. 8	Jan 10, 1995

HUD Property Disposition Projects

The City has one HUD-owned property being disposed of by HUD: Park Village. The 228 units are not at risk since HUD is proposing to sell the site to a resident group and the Rural California Housing Corporation, a nonprofit organization.

State Financed Projects

Miscellaneous

While there are a few housing developments which have received financing from the California Housing Finance Agency or the Department of Housing and Community Development, none of these projects is at risk of conversion to market rate rentals over the next ten years.

Locally Financed Projects

Aside from the projects financed under the federal and state programs noted above, there are units in the City of Stockton which have been financed under the low income housing tax credit program (LIHTC), Community Development Block Grant funds (CDBG), and locally issued tax-exempt bonds.

Locally Issued Tax-Exempt Bonds

The City of Stockton has utilized its authority to issue tax-exempt bonds to develop new rental housing. Four housing projects have been financed by such bonds, and since these bonds were issued prior to 1986, 20% of the units are required to serve households with incomes under 80% of the area median. These projects contain a total of 492 units of which 100 are restricted to residents with incomes under 80% of the area median income. In 1992, the unrestricted units rented for, on average, \$10 to \$15 more than the restricted units. Thus both the restricted and unrestricted units in these developments serve or can serve virtually the same clientele. As a result, little displacement would be expected from these units upon their conversion to market rate rentals.

Project Name	No. Low Income Units	Earliest Conv. Date
Mariners' Pointe	44 of 220	August 28, 1994
Colonial West I	15 of 72	1996
Colonial West II	15 of 72	April 2, 1996
Brookside Place	26 of 128	September 2, 1997 ¹
¹ This project is at risk in the second five year period covered by this analysis, at which time the rent differential may warrant a strategy for preservation.		

Community Development Block Grants, Housing Set-aside Funds, and Low Income Housing Tax Credits

Several housing developments have been assisted financially by the City of Stockton through the Community Development Block Grant Program and through use of redevelopment agency housing setaside funds. None of these projects, however, is at risk of conversion during the next ten years because they are under regulatory agreements which do not expire until later.

The six projects receiving low income housing tax credits are not at risk in the next ten years and will be described below.

PROJECTS "AT RISK" AFTER JUNE 30, 2002

Twelve housing developments serving households with incomes under 60% of the area median income have units at risk for conversion after June 30, 2002.

Federally Financed Projects

The Steamboat Landing development was financed under Section 221(d)(4). It contains 151 units of which 150 receive Section 8 assistance. The owners of this project could opt not to renew the Section 8 as early as February 16, 2003.

Plymouth Place, a 65-unit senior citizen project, received a HUD Section 202 loan. Although the Section 8 comes up for renewal in 2003, the nonprofit ownership of this project makes conversion of the units and displacement of low income tenants unlikely.

State Financed Projects

California Housing Finance Agency - Tax-Exempt Bonds

The California Housing Finance Agency (CHFA) provides direct loans to both for-profit and non-profit entities for development of rental housing. For the project in Stockton, at least 20% of the units must serve low-income persons, persons or households whose incomes do not exceed

80% of the area median income. Under the federal Community Development Act of 1974, state housing finance agencies, like CHFA, were allocated Section 8 subsidies which were assigned to the projects financed. CHFA requires owners to enter into a long-term regulatory contract and does not allow the loans to be prepaid. Thus, the units financed by this agency will not be at risk of conversion until the loan matures.

Project Name	No. Low Income Units	Earliest Conv. Date
All Nations	75 of 75 (Sec. 8)	September 2, 2021

Department of Housing and Community Development - Rental Housing Construction Program (RHCP)

The state Department of Housing and Community Development (HCD) operates the RHCP program under which long-term loans are made directly to developers of rental units. The loans are typically for 30 years or longer and carry an interest rate of 3%. These loans may be made on a deferred payment basis if necessary to achieve project feasibility. Only new construction projects may be financed under this program. Program requirements and the competitive environment for obtaining funding usually result in developers agreeing to restrict the units, or a portion thereof, to low income occupancy for longer than the normally mandated period.

Project Name	No. Low Income Units	Earliest Conv. Date
Santa Fe Townhomes	31 of 31	2053

Construction of this project will be completed during calendar year 1993. The regulatory contract will restrict the units to low income persons and families for 60 years.

California Housing Rehabilitation Program - Rental (CHRP-R)

HCD also operates a program to finance rehabilitation of apartments which would otherwise be lost to the low income housing stock. Direct loans may be made to both for-profit and non-profit developers. The interest rate on the loans is 3%. Competition for funding is keen, with developers often agreeing to longer term compliance with the low-income occupancy standards than required by the program itself.

Project Name	No. Low Income Units	Earliest Conv. Date
Delta Plaza	30 of 30	2043
Phoenix Hotel	156 of 156	2046

Some of Delta Plaza's units are restricted to households with income less than 50% of area median income. The other units are restricted at levels affordable to those with incomes up to

60% of area median income. All of the Phoenix Hotel's units are limited to persons at or below 60% of the area median income.

Locally Assisted Housing

City of Stockton Redevelopment Agency Housing Set-aside Funds

The City of Stockton has assisted a number of housing developments by using its redevelopment agency housing setaside funds. Generally, the City makes predevelopment loans to entities who will reimburse the City when the permanent loans are funded.

The City assisted the Delta Plaza, Phoenix Hotel and Santa Fe Townhomes projects with redevelopment funds. As these projects are described elsewhere, they will not be listed below.

Project Name	No. Low Income Units	Earliest Conv. Date
Villa San Joaquin	30 of 30	2027

Community Development Block Grant Program (CDBG)

The City of Stockton has also used some of its CDBG funds to promote development of affordable rental housing. CDBG moneys were used to facilitate the El Dorado Motel project which was a conversion of a motel to permanent rental housing. The block grant moneys provided a predevelopment loan which will be repaid by the take-out financing. The project will serve those at 50% of the area median income.

Project Name	No. Low Income Units	Earliest Conv. Date
El Dorado Motel	39 of 39	2003

Low Income Housing Tax Credit Program (LIHTC)

Six projects containing 111 units have been assisted through the Low Income Housing Tax Credit Program. The restrictions of the LIHTC program vary based on the year in which the LIHTC's were obtained for the project. In the early years of the LIHTC program, units were required to be reserved for low income occupancy for a 15-year period. For projects financed in 1990 or later, this period was increased to 30 years. However, competition for LIHTC's has been so great that most developers agree to keep units reserved for low-income households for a 55-year term.

The Phoenix Hotel and the Santa Fe Townhomes projects received LIHTCs, but because they have been covered elsewhere, they are not included below.

Project Name	No. Low Income Units	Earliest Conv. Date
Horizon Apts.	16 of 16	2003
Mayfair Apts.	47 of 47	2004
Bennett Apts.	24 of 24	2004
Madison Arches	24 of 24	2004

The units in each of the projects assisted with LIHTCs serves residents with incomes at or below 50% of the area median income.

Cost Analysis

As is required by the housing element statute, the City of Stockton has prepared an analysis showing the costs of replacing the low income housing as it is converted to market rate housing versus the cost of preserving the low income units. The methodology employed and the information and assumptions used is explained in Attachment 1.

Summary of the At Risk Projects

A total of 14 projects are at risk during the ten years ending on June 30, 2002. Of these, technically 13 projects are at risk prior to June 30, 1997.

Two projects are owned by nonprofit organizations and are not, therefore, expected to convert or to displace low income tenants. (Filipino Center and Casa Manana Inn, 128 and 161 units respectively).

Another three projects were financed with tax-exempt bonds issued by the City. At the time the bonds were issued, 20% of the units were required to be affordable to persons and households with incomes at or below 80% of the area median income. Our replacement cost analysis covered only the low income units in these projects. We found that, assuming the tenants paid 30% of their incomes toward rent, the tenants could afford to pay the market rents offered both in those developments and in the market at large. We concluded that it is improbable that the low income tenants in these projects are at real risk of displacement and we have, therefore, not included these Three projects among those which may need to be replaced or preserved as low income units (Mariners' Pointe, Colonial West I, and Colonial West II; 44, 15, and 15 units respectively).

In Table 3, we show the cost of replacing and of preserving all the low income units in all projects identified as at risk of conversion during the next five years. Nonprofit-owned projects are not included.

TABLE 3**Comparing the Costs of Replacing and Preserving
Units At Risk of Conversion to Market Rent****Group 1: July 1992 - June 1997****All projects (838 Units)**

	TOTAL	PER UNIT
REPLACEMENT COST	\$54,837,564	\$65,439
PRESERVATION COST	\$20,577,961	\$24,556
DIFFERENCE	\$34,259,603	\$40,883
PUBLIC SUBSIDY FOR REPLACEMENT (Non- federal)	\$46,722,040	\$55,754
PUBLIC SUBSIDY FOR PRESERVATION (Non-federal)	\$11,550,668	\$13,784
DIFFERENCE	\$35,171,372	\$41,970

As expected, this analysis shows that it is far more economical to preserve existing low income housing than to replace it. We note that there is not much difference between total replacement cost and the public subsidy required to do so. Project rental income is insufficient to support more than a small mortgage. In fact, in some projects, estimated rents will not cover all estimated operating expenses.

We also observe that many of the projects eligible to convert during this period are federal projects eligible for financing incentives under LIHPRHA. Accordingly, after considering HUD's financing, there remains only a relatively small public subsidy to preserve the units as low income residences.

Finally, as already noted, Table 3 includes the 74 low income units in projects financed with local tax-exempt bonds. Since the unrestricted units are at market rents and the low income units are rented for only \$10 to \$15 less per month, we do not believe that these bond-financed projects present a serious conversion risk. A summary of the costs of replacing and preserving all units except those in the bond-financed projects is presented in Table 4. We believe that Table 4 represents the most realistic assessment of the conversion risk.

TABLE 4

**Comparing the Costs of Replacing and Preserving
Units At Risk of Conversion to Market Rent**

Group 1: July 1992 - June 1997

All Except Bond-Financed Projects (764 Units)

	TOTAL	PER UNIT
REPLACEMENT COST	\$49,473,198	\$64,755
PRESERVATION COST	\$27,673,835	\$36,222
DIFFERENCE	\$21,799,363	\$28,533
PUBLIC SUBSIDY FOR REPLACEMENT	\$43,617,147	\$57,091
PUBLIC SUBSIDY FOR PRESERVATION	\$10,842,015	\$14,191
DIFFERENCE	\$32,775,132	\$42,900

In the second five years, during the period from July 1, 1997 through June 30, 2002, only one project is at risk for conversion. It is a project financed with tax-exempt bonds issued by the City of Stockton (Brookside Place, 26 low income units). Under this financing, 20% of the units must be rented to households with incomes at or below 80% of the area median income. Unless the housing market turns around substantially, those households should be able to afford the market rents and are unlikely to be displaced by the termination of the rent restrictions.

Since we cannot be certain of this, we have prepared an analysis of the costs associated with replacing and preserving the units in this development. These figures are presented in Table 5.

TABLE 5

**Comparing the Costs of Replacing and Preserving
Units At Risk for Conversion to Market Rent**

Group 2: July 1997 - June 2002

All Projects (26 Units)

	TOTAL	PER UNIT
REPLACEMENT COST	\$1,799,198	\$69,200
PRESERVATION COST	\$967,675	\$37,218
DIFFERENCE	\$831,523	\$31,981
PUBLIC SUBSIDY FOR REPLACEMENT	\$1,115,861	\$42,918
PUBLIC SUBSIDY FOR PRESERVATION	\$340,950	\$13,113
DIFFERENCE	\$774,911	\$29,804

IDENTIFICATION OF RESOURCES

The following resources are available and may be used to preserve the low income housing within the City of Stockton.

Public and Private Non-Profit Agencies

There are two non-profit agencies capable of developing and/or operating low income housing developments which are active in the market. These are: Rural California Housing Corporation (RCHC), based in Sacramento, CA, and Asociacion Campesina "Lazaro Cardenas" (ACLC), located in Stockton, CA. Both organizations have extensive experience in developing, owning and operating low-income rental housing. A third experienced nonprofit organization, Eden Housing, Inc., based in Hayward, is interested in developing and owning low-income housing in Stockton.

In addition, there are several private organizations which have expressed an interest in a first right of refusal program. These include:

Rural California Housing Corp.
Attn: Stan Keasling
2125 19th Street, Ste 101
Sacramento, CA 95818
(916) 442-4731

Real Estate Development Services
Attn: Peter Herzog
3097 Willow #23A
Clovis, CA 93657
(209) 292-3373

Don Lee Housing
Attn: Don Casten
105 Martin St.
Lemoore, CA 93245
(209) 924-5769

Midway Mortgage Corporation
Attn: Eugene Conrad
3035 Niles-Buchanan Road
Buchanan, MI 49107
(616) 695-6043

Housing for Independent People,
Inc.
Attn: Thom McCue
25 E. Hedding St
San Jose, CA 95112
(408) 283-2200

Commission on Human
Concerns
Attn: Lee Riggan
621 Richmond Avenue
Oxnard, CA 93030
(805) 486-4725

The CBM Group, Inc.
Attn: John Moyle
1010 Racquet Club Dr., # 103
Auburn, CA 95603
(916) 823-5206

Retirement Housing Foundation
Attn: LaVerne R. Joseph
401 E. Ocean Blvd, Ste 300
Long Beach, CA 90802
(213) 437-4330

Griffin-McDonald
Attn: John Griffin
1962 Trinity Avenue
Walnut Creek, CA 94596
(510) 932-2064

FEDERAL, STATE, & LOCAL FINANCING FOR PRESERVATION

The following section outlines both objectives and strategies adopted by the City of Stockton to ensure the preservation of existing affordable housing. The numerical objectives, which are listed first, address very low- and low-income housing only. There are no numerical objectives for moderate or middle income because those projects are not at risk in the next ten years. In general, the policy objectives address all affordable rental housing.

Establishment of a Preservation Objective

Quantified Objective	
Very Low Income	To preserve 90% of the very-low-income housing at risk of conversion in the next 5 years. To develop requirements to reduce further conversion.
Low Income	To preserve 50% of the low income housing at risk of conversion in the next 5 years.
Moderate Income	No objective
Above Moderate	No objective

Local Programs for Preservation Activities

The City of Stockton has adopted the following policy objectives:

To preserve affordable housing permanently:

1. Preserve the existing housing stock for the longest term possible. The idea is to achieve permanent affordability.
2. Seek to restructure future regulatory agreements so that the City or its designee, such as a qualified nonprofit organization, will have the opportunity to purchase the housing at the termination of the rent and income restrictions.

When preservation is not possible:

3. Minimize displacement of current tenants by negotiating anti-displacement policies or relocation mitigation with the owner.

In all new restricted developments, whenever possible:

4. Structure the transactions so that no displacement occurs at the termination of controls.

STRATEGIES

The strategies to implement the policy objectives will vary depending on the type of financing on the housing to be preserved. In general, there are three categories of projects which may be lost to the affordable housing stock. There will be somewhat different strategies for projects financed under (1) Section 236, (2) Section 8 or (3) other financing types.

In the City of Stockton, affordable housing projects have been financed under Section 236, Section 221(d)(4), Section 8, local bond financed projects, CHFA and HCD financed projects, and projects assisted with LIHTCs, redevelopment agency housing setaside funds and community development block grant funds. The following section outlines strategies to preserve these types of projects.

Section 236 Projects

The owners of Section 236 projects are affected either by ELIHPA or LIHPRHA, or both. The first act, ELIHPA, was intended as an emergency response to the "prepayment problem". LIHPRHA was developed as the more permanent solution. A project comes under LIHPRHA if the owner did not file a Plan of Action under the prior law or is no longer eligible for ELIHPA incentives. Both laws offer the owner the opportunity to prepay the mortgage or to stay in the program with additional incentives. Prepayment is restricted.

The major difference between the two laws is that under LIHPRHA an 8 percent rate of return is guaranteed to owners who stay in and financing is available to assist purchasers where an owner wants to sell. Sale is restricted to priority purchasers for 12 months after HUD determines value.

Four scenarios may occur: (1) the owner attempts to prepay; (2) the owner stays in with incentives; (3) the owner elects to sell; or 4) the owner adopts a "wait and see" approach. Strategies to preserve LIHPRHA-eligible properties under each scenario are listed below.

1. The owner perceives that the property is no longer needed for affordable housing and seeks to prepay the mortgage. This is less likely to occur because an owner must prove to HUD that the housing is no longer needed and its conversion will have no impact on the community. Strategies in this case will include:
 - a) Provide the HUD Area Office with information on the importance of the housing to the community and the demand for affordable housing.
 - b) Work with housing advocates to insure their awareness of the demand for housing.
2. Owner elects to stay in with incentives. Owner continues to rent to low-income people for a minimum of 50 years (except in the case of Stockton Gardens, it would be 20 years under ELIHPA) in return for a series of incentives which provide for an increase in cash flow and a refinancing. Strategies in this case include:
 - a) Inform tenants and housing community of owner actions.
 - b) Request a copy of the Plan of Action from HUD upon its submission, review that Plan of Action, and submit comments to HUD.
 - c) Share the Plan of Action with the tenants and other interested parties and provide technical support and assistance to tenant groups in making any appropriate comments. (ELIHPA requires local governments to consult with tenants after receiving a copy of the Plan of Action.)
 - d) Arrange with the owner to inspect the property and share with HUD any concerns that the City may have for rehabilitation needs under ELIHPA. Where appropriate, suggest that the owner recapitalize the reserves to provide for improvements in the future. Participate in the Capital Needs Assessment process, if there is any concern regarding the condition of the building by the City.

3. Owner elects to sell the property. Under this scenario, the owner may be paid the preservation value (the current market value of the property) as market rate housing. The owner must notify "priority purchasers": nonprofit organizations, a tenant group, or a public agency. Strategies include:
 - a) Inform tenants and housing community of owner actions.
 - b) Assist in the identification of a potential buyer.
 - c) Provide general support to nonprofit or tenant purchaser.
 - d) Educate and support the buyer by assisting in obtaining predevelopment financing from HUD for the Low Income Housing Fund, and consider providing federal equity requirement, which is at least 5% of the preservation equity of the property if the buyer is acceptable to HUD, the residents and the City.
 - e) Educate and support tenants in their efforts to acquire the property or preserve it as affordable to CHPC, legal services and RCHC.
 - f) In the event that there is not another buyer, the local government, or a party on behalf of the City, exercises its Right of First Refusal or Option to Buy which names the City or its designee;
 - g) Issue tax-exempt bonds on behalf of the purchaser of the property, thus lowering the cost of funds which is critical to the long-term stability of the property. Properties will be credit-enhanced because any property eligible to file under LIHPRHA is also eligible for a Section 241(f) loan which is an FHA-insured mortgage;
 - h) Encourage HUD to require a phase-in of rent increases to avoid significant increases in rent for an individual tenant which might lead to displacement, even if this means a phase-in of more than 3 years.
4. Owner takes no immediate action:
 - a) Monitor the situation closely.

Project Based Section 8

Under this program, the owner may opt-out at 5 year intervals upon a one-year's notice to local governments and nonprofits. There are no federal incentives for maintaining the properties as low-income. If the decision to opt-out is made, the rents are likely to rise to market rents. In addition, the federal government could decide not to renew the Section 8 contract even if the owner wants to renew. While that has not yet happened, the Congress could decide not to reauthorize enough Section 8 allocations to cover further extensions. Strategies to preserve Section 8 project based housing include:

1. Communicate regularly with the owner to determine his/her interest in terminating Section 8.
2. Keep abreast of actions by Congress regarding continued appropriations of Section 8, and actively support appropriations.
3. Encourage purchase of properties by an owner such as a local nonprofit to ensure permanent preservation. This may include, if absolutely necessary, financing such as in the case of Park Villa.

Projects with Other Financing

Strategies to preserve this housing include:

1. In the case of tax-exempt bond financed projects, consider whether the refunding of the mortgage would be of benefit to the owner and, if so, work with the owner to achieve a refunding in return for a longer regulatory period and lower rents.
2. Negotiate a provision into regulatory contracts that would require the owners not to displace any low income tenants residing there when the regulatory contracts expire, if providing any other benefits to the owner.
3. Negotiate a provision into regulatory contracts that would require owners to mitigate the cost of relocation for low income tenants.
4. Work with tenants and nonprofit groups to develop additional strategies. Utilize resources which may be available through the California Housing Partnership, and various intermediaries such as the Local Initiatives Support Corporation (LISC), the Low Income Housing Fund and the State Department of Housing and Community Development's Policy Division.

Future Strategies

The City will revise its future regulatory agreements to prevent or minimize the displacement of low income tenants.

ATTACHMENT 1

Explanation of Assumptions Used in Replacement and Preservation Cost Calculations

The calculations of replacement cost and of preservation cost were performed using the following information and assumptions.

REPLACEMENT COST ANALYSIS

Basic Assumptions

The City of Stockton commissioned an analysis which identified the development costs for multifamily rental housing in the City. The data were based on figures from 1992. We confirmed that these numbers had not materially changed.

1. Land Costs: Land costs have fluctuated somewhat in the City. On average, an improved parcel for multifamily development runs about \$200,000 an acre.
2. Density: Allowed densities in the center city are higher than elsewhere. On average, 20 units per acre are permitted.
3. Construction Costs: We have used a construction cost of \$45/square foot (determined through a study of costs) and added \$3,000 a unit for surface parking.
4. Fees: We based the fees on current City fee structure.
5. Soft Costs: We used 15% of hard construction costs and city fees.
6. Developer Fee: This fee was estimated at 10% of total other costs.
7. Average Square Footage of Units: We obtained the actual square footage of the units in most of the at risk projects and averaged these figures.

Prototypical Development Costs					
Unit	Studio	1 bdm	2 bdm	3 bdm	4 bdm
Total Sq. Ftg.	500	650	850	1050	1250
Land	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
Hard Const. Costs	\$25,000	\$32,250	\$41,250	\$50,250	\$59,250
City Fees	\$5,127	\$6,527	\$6,927	\$7,323	\$7,728
Soft Costs	\$4,744	\$5,817	\$7,227	\$8,636	\$10,047
Developer Profit	\$4,637	\$5,459	\$6,540	\$7,621	\$7,703
Total	\$51,008	\$60,053	\$71,944	\$83,830	\$84,728
Cost per sq. ft.	\$102	\$92	\$85	\$80	\$68

Estimating Rents

On all projects, we assumed tenants would contribute 30% of their income toward rent. However, we estimated their incomes as follows:

1. In all the Section 236 projects, 45% of median income.
2. In all Section 8 projects, 35% of median income.
3. In all bond-financed projects, 80% of median income.

We assumed that a one-person household would occupy a studio or efficiency unit. Otherwise, for every bedroom in the unit, we assumed occupancy by a one and one-half person household.

Although we obtained information about the bedroom mix in most of the at risk projects, we were unable to obtain it on all projects. For projects where this information was not available, we assumed a similar distribution of studio, 1-4 bedroom units as we found among the other projects, differentiating between elderly and family developments.

Estimating Operating Expenses

We employed an estimate of \$2,900 per unit per year for operating expenses in newly constructed units. Operating expenses include all standard expenses: administrative, management fee, utility, water, insurance, real estate taxes, maintenance and a replacement reserve. Debt service is not included.

Calculating the Supportable Loan

We used the following assumptions in making this calculation:

1. PGI would be equal to total estimated rents plus laundry income judged to be \$10/month per unit.
2. Vacancy Rate of 5%
3. We estimated that a 30-year fixed rate loan could be obtained at 8.5% interest.

Public Subsidy Required for Replacement of At Risk Units

After calculating the maximum loan which could be supported by estimated rental income, we subtracted that amount from the total replacement cost, leaving the amount of public (non-federal) subsidy required for replacement.

PRESERVATION COST ANALYSIS

Estimating Market Rents

We estimated market rents for the various unit sizes in several ways. First, we looked to the data developed for the City in 1992 about current market rents. Second, we updated those figures by consulting with real estate brokers and property managers. Third, we examined the rents on the unrestricted units in bond-financed projects. In this way, we arrived at the following market rents:

Studio	\$350
1 bdm	\$453
2 bdm	\$486
3 bdm	\$735
4 bdm	\$875

Estimating Operating Expenses

We obtained actual operating expense information for most of the projects. This, we believe, is the best guide to the level of operating expenses which would be required if these units are preserved. We took an average of the actual expenses and used that figure for all the projects: \$3,121.

Establishing Preservation Value or Purchase Price

We employed three separate methods to establish the purchase price of the at risk inventory. First, we used the income approach. In this case, we used a gross rent multiplier of 6.5 times the estimated market rents.

Secondly, we also used a capitalization rate analysis. We divided the net operating income (using estimated market rents) by a cap rate of 10. Both the gross rent multiplier and the cap rate used were selected after conferring with real estate brokers. In some cases, the cap rate analysis was not feasible as there was no net operating income after deducting operating expenses. In a few other instances, the cap rate analysis, based on a very low net operating income produced a project value which was simply too low (e.g. \$7,000/unit). In those instances, we ignored the cap rate analysis and considered one other method suggested by a Stockton broker. We examined the purchase price which would result from valuing each unit at \$25,000. We took an average value of two of the three different measures as our purchase price figure.

Estimating the Required Public Subsidy

We made a distinction between projects eligible for federal incentives under federal preservation law and all other projects.

Section 236 Projects

First, we determined the amount of the federal loan outstanding. To do so we used the original loan balance, the original (e.g. unsubsidized) interest rate, and assumed that after 20 years on a 40 year loan about 80% of the original loan amount would still be payable. Second, we subtracted the amount of outstanding federal loans from the estimated purchase price. Third, from conversations with the property managers, we estimated the amount of rehabilitation needed for each unit and added that to the total costs of preservation. Fourth, we assumed that the Department of Housing and Urban Development would finance 95% of the preservation equity. Finally, we concluded that the remaining 5% would come from other public subsidies. We doubled that figure to cover any other costs or rehabilitation expenses which HUD might not finance.

All Other Projects

We calculated market rents as explained above. We added an amount for income from laundry operation (\$10/month/unit). We used a vacancy factor of 5% and we subtracted operating expenses of \$3,121 per unit per year. This figure is an average of the actual operating expenses reported by the owners of the projects analyzed.

We used a debt service coverage ratio of 1.10, a fixed interest rate of 8.5%, and a 30-year term to establish the size loan which could be supported by rents. Again, we used the same method to establish purchase price as we employed with the Section 236 and other federally financed projects. From that amount we subtracted the amount of the supportable loan. To that figure we added the same average rehabilitation expense per unit as we had for the Section 236 projects. The total derived represents the total public (non-federal) subsidy required for preservation of projects.

CALCULATIONS

Chart 1 Section 236 Projects At Risk July 1, 1992 - June 30, 1997

1. Replacement Cost Analysis

Bedroom Mix:

	Studio	1bdm	2bdm	3bdm	4bdm
Delta Village	0	12	48	16	4
Dewey Apts	2	4	3	1	0
Stockton Gardens	16	29	24	10	1
Stockton Terrace	16	29	24	10	1
Village East	0	46	98	46	0
Total Units	34	120	197	83	6

Total All Units: 440

Rental Income: (30% of 35% of area median income)

34 studios	x	\$267/mo	=	\$9,078
120 1bdm	x	286/mo	=	34,320
197 2bdm	x	344/mo	=	67,768
83 3bdm	x	443/mo	=	2,658

\$146,778 monthly rent
x 12 months

\$1,761,300 annual rent
52,800

laundry income @ \$10/month/unit

\$1,814,100 PGI

Replacement Cost Calculation:

34 Studios x \$51,008	=	\$1,734,272
120 1bdm x \$60,053	=	7,206,360
197 2bdm x \$71,944	=	14,172,968
83 3bdm x \$83,830	=	6,957,890
6 4bdm x \$84,728	=	508,368

\$30,579,858

Proforma:

PGI	\$1,814,100
(5% vacancy)	(90,705)
EGI	1,723,395
Op Exp	(1,276,000) @ \$2,900/unit/year
NOI	447,395
DSC	1.10
	\$406,722 Available for debt service

Supportable Loan: @ 8.5% fixed, 30 years = \$4,407,936

Amount of Public Subsidy For Replacement:

\$30,579,858
(4,407,936)
\$26,171,922 public subsidy required
or
\$59,482 per unit

2. Preservation Cost Analysis:

Market Rents:

34 Studios	x	\$350/mo	=	\$11,900
120 1bdm	x	\$453/mo	=	\$54,360
197 2bdm	x	\$486/mo	=	\$95,742
83 3bdm	x	\$735/mo	=	\$61,005
6 4bdm	x	\$875/mo	=	5,250
		monthly rent		
				\$228,257
				x 12
				\$2,739,084

Estimating Purchase Price:

(1)	GRM x 6.5	17,804,046	
(2)	Cap rate 10	4,063,930	(\$9,236/unit)
(3)	\$25,000 x 440 units	11,000,000	
	Average of (1)+(3)	14,402,023	
	Estimated Rehab	2,200,000	(\$5,000/unit)
	Total Purchase Price	16,602,023	
	Less outstanding loans	(4,418,840)	
	Preservation Equity	12,183,183	
	x 5%	609,159	downpayment
	+ 5%	609,159	misc. unfinanced costs
	Total nonfederal subsidy	\$1,218,318	

3. Comparing Replacement v. Preservation Costs

	Total	Unit
Replacement Cost	\$30,579,858	\$69,500
Preservation Cost	16,602,023	37,732
Difference	13,977,835	31,768
Replacement Subs.	26,171,922	59,482
Preservation Subs.	1,218,318	37,732
Difference	24,953,604	31,768

Chart 2

Section 8, Section 221(d) (4)
At Risk July 1, 1992 - June 30, 1997

1. Replacement Cost Analysis

Bedroom Mix:

	Studio	1bdm	2bdm	3bdm	4bdm
Franco Center	34	76			
Hammer Lane	40	90			
Inglewood	12	54	18		
Total Units	86	220	18	0	0

Total All Units: 324

Rental Income: (30% of 35% of area median income)

86 studios	x	\$267/mo	=	\$22,962
220 1bdm	x	286/mo	=	62,920
18 2bdm	x	344/mo	=	6,192
				<u>\$92,074 monthly rent</u>
				x 12 months
				<u>\$1,104,888 annual rent</u>
laundry income @ \$10/month/unit				38,880
				<u>\$1,143,768 PGI</u>

Replacement Cost Calculation:

86 Studios	x	\$51,008	=	\$4,386,688
220 1bdm	x	\$60,053	=	13,211,660
18 2bdm	x	\$71,944	=	1,294,992
				<u>\$18,893,340</u>

Proforma:

PGI	\$1,143,768
(5% vacancy)	(57,188)
EGI	1,086,580
Op Exp (936,600) @ \$2,900/unit/year	
NOI	146,980
DSC	1.10
\$133,618 Available for debt service	

Supportable Loan: @ 8.5% fixed, 30 years = \$1,448,115

Amount of Public Subsidy For Replacement:

\$18,893,340
(1,448,115)
\$17,445,225 public subsidy required
or
\$53,843 per unit

2. Preservation Cost Analysis:

Market Rents:

86 Studios	x	\$350/mo	=	\$30,100
220 1bdm	x	\$453/mo	=	\$99,660
18 2bdm	x	\$486/mo	=	\$7,648
monthly rent				
				\$138,508
				x 12
				\$1,662,096

Estimating Purchase Price:

(1) GRM x 6.5	\$10,803,624	
(2) Cap rate 10	1,469,500	(\$4,536/unit)
(3) \$25,000 x 440 units	8,100,000	
Average of (1)+(3)	\$9,451,812	
Estimated Rehab	1,620,000	(\$5,000/unit)
Total Purchase Price	\$11,071,812	
Less Supportable Loan	(1,448,115)	
Total Preserv. Cost	9,623,697	
Total Amount Public (non-federal) subsidy required: \$9,623,697		

3. Comparing Replacement v. Preservation Costs

	Total	Unit
Replacement Cost	\$18,893,340	58,313
Preservation Cost	11,071,812	34,172
Difference	7,821,528	24,141
Replacements Subs.	17,445,225	53,843
Preservation Subs.	9,623,697	29,702
Difference	7,821,528	24,141

Chart 3

Tax-exempt Bond Projects
At Risk July 1, 1992 - June 30, 1997

1. Replacement Cost Analysis

Bedroom Mix:

	Studio	1bdm	2bdm	3bdm	4bdm
Mariners Pointe	0	5	39	0	0
Dewey Apts	0	3	8	4	0
Stockton Gardens	0	4	8	3	0
Total Units	0	12	55	7	0

Total All Units: 74

Rental Income: (30% of 80% of area median up to market rents)

12	1bdm	x	453/mo =	\$5,436
55	2bdm	x	486/mo =	26,730
7	3bdm	x	735/mo =	5,145

\$37,311 monthly rent
x 12 months

\$447,732 annual rent
8,880

laundry income @ \$10/month/unit

\$456,612 PGI

Replacement Cost Calculation:

12	1bdm	x	\$60,053	=	720,636
55	2bdm	x	\$71,944	=	3,956,920
7	3bdm	x	\$83,830	=	586,810
					\$5,364,366

Proforma:

PGI	\$ 456,612
(5% vacancy)	(22,831)
EGI	433,781
Op Exp	(214,600) @ \$2,900/unit/year
NOI	219,181
DSC	1.10
	\$199,255 Available for debt service

Supportable Loan: @ 8.5% fixed, 30 years = \$2,159,473

Amount of Public Subsidy For Replacement:

\$5,264,366

(2,159,473)

\$3,104,893 public subsidy (nonfederal) required

or

\$41,958 per unit

2. Preservation Cost Analysis:

Market Rents:

12	1bdm	x	\$453/mo	=	\$ 5,436
55	2bdm	x	\$486/mo	=	\$26,730
7	3bdm	x	\$735/mo	=	\$5,145
monthly rent					\$37,311
					x 12
					\$447,732

Estimating Purchase Price:

(1) GRM x 6.5	\$2,967,978	
(2) Cap rate 10	2,028,270	
Average of (1)+(2)	2,498,124	
Estimated Rehab	370,000	(\$5,000/unit)
Total Purchase Price	2,868,126	
Less Supportable Loan	(2,159,473)	
Required Public Subs.	708,653	

3. Comparing Replacement v. Preservation Costs

	Total	Unit
Replacement Cost	\$5,264,366	\$71,140
Preservation Cost	2,868,126	38,758
Difference	2,396,240	32,382
Replacement Subs.	3,104,893	41,958
Preservations Subs.	708,653	9,576
Difference	2,396,240	32,382

1. Projects with one asterisk denotes a project facing conversion during the first five year period affected by this housing element revision (e.g 1992-1996). Projects with two asterisks may be converted during the second five year period (e.g. 1997-2001).

APPENDIX B

(City of Stockton 1992 Housing Element)

AFFORDABILITY GAP ANALYSIS

San Joaquin County and the City of Stockton

Prepared for:

Rene Jackson
Deputy Director, Neighborhood Preservation District
Community Development Department
1810 E. Hazelton Avenue
Stockton, California 95205
209-468-3021

and

Wes Kulm
Deputy Director, Housing Division
City of Stockton
Department of Housing and Economic Development
305 N. El Dorado Street, Suite 200
Stockton, California 95202
209-944-8539

Prepared by:

David Paul Rosen & Associates
6048 Chelton Drive
Oakland, California 94611
510-530-0892

and

Elizabeth Seifel Associates
44 Montgomery Street, Suite 2030
San Francisco, California 94104
415-989-1244

January 1992

TABLE OF CONTENTS - APPENDIX B

	Page
INTRODUCTION	III-B1
SUMMARY	III-B2
AFFORDABLE HOUSING COSTS	III-B5
Definitions: Target Income Ranges	III-B5
Affordable Housing Cost Standards	III-B6
Prototypical Income Levels	III-B6
DEVELOPMENT COSTS AND OPERATING EXPENSES	III-B11
Prototypical Development Costs	III-B11
Land Costs	III-B11
Hard Construction Cost	III-B11
Public Fees	III-B14
Soft Costs	III-B16
Total Development Cost	III-B16
Operating Expenses	III-B16
Utility Allowance	III-B17
General Operating Costs	III-B17
Financing Costs	III-B18
GAP ANALYSIS	III-B19
Homeowner	III-B19
Renter	III-B21
GAP ANALYSIS FOR SINGLE ROOM OCCUPANCY HOTELS	III-B25

LIST OF TABLES

TABLE 1:	INCOME DEFINITIONS	III-B5
TABLE 2:	1991 HUD INCOME LEVELS	III-B7
TABLE 3:	AFFORDABLE MONTHLY HOUSING COSTS	III-B8
TABLE 4:	AFFORDABLE HOUSING COST DEFINITIONS, PROTOTYPICAL INCOMES AT FOUR INCOME LEVELS	III-B9
TABLE 5:	CORRESPONDENCE BETWEEN JOBS AND PROTOTYPICAL INCOME CLASSIFICATIONS	III-B10
TABLE 6:	DEVELOPMENT COST FOR HOUSING PROTOTYPES, OWNER HOUSING	III-B12
TABLE 7:	DEVELOPMENT COST FOR HOUSING PROTOTYPES, RENTER HOUSING	III-B13
TABLE 8:	PROCESSING AND DEVELOPMENT FEES - OWNER AND RENTER PROTOTYPES	III-B15
TABLE 9:	MONTHLY UTILITY ALLOWANCES	III-B17

LIST OF TABLES (Continued)

	Page
TABLE 10: HOMEOWNER SUBSIDY REQUIREMENTS AT TARGET INCOME LEVELS 2 BEDROOM/2 BATH UNIT	III-B20
TABLE 11: HOMEOWNER SUBSIDY REQUIREMENTS AT TARGET INCOME LEVELS 3 BEDROOM/2 BATH UNIT	III-B22
TABLE 12: TENANT SUBSIDY REQUIREMENTS AT TARGET INCOME LEVELS 2 BEDROOM/1 BATH RENTAL UNIT	III-B23
TABLE 13: TENANT SUBSIDY REQUIREMENTS AT TARGET INCOME LEVELS 3 BEDROOM/2 BATH RENTAL UNIT	III-B24
TABLE 14: TENANT CONTRIBUTIONS AT TARGET INCOME LEVELS, SINGLE ROOM OCCUPANCY UNITS	III-B26
TABLE 15: SINGLE ROOM OCCUPANCY COMPARABLES	III-B27

STOCKTON AND SAN JOAQUIN COUNTY AFFORDABILITY GAP ANALYSIS

I. INTRODUCTION

The City of Stockton and San Joaquin County have retained David Paul Rosen & Associates and Elizabeth Seifel Associates to assist in developing an Affordable Housing Strategy. This Strategy will respond to the housing needs of San Joaquin County and Stockton's low and moderate income households, both renters and prospective first-time homebuyers. This analysis of the economics of affordable housing development in San Joaquin County represents a key component in the development of an effective Affordable Housing Strategy. This report illustrates the "gap" between the cost of developing housing for rent and ownership and what households of a variety of income levels can afford to pay toward their housing costs.

This report:

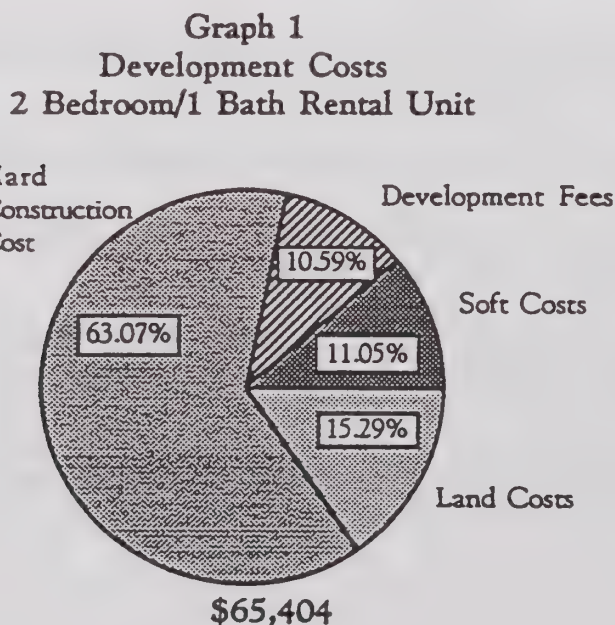
- Defines income levels for households to be assisted by the County's and City's Affordable Housing Strategies;
- Defines affordable housing cost standards in the County;
- Establishes assumptions for the cost of housing development and housing expenses for both renters and owners;
- Illustrates tenant and homeowner subsidy requirements by four different income levels and two different family sizes; and
- Illustrates tenant requirements for single room occupancies for single person households at two different income levels.

II. SUMMARY

This analysis presents the difference between what households of different income levels can afford to pay for renter and ownership housing and what it costs to produce and operate such housing in San Joaquin County. The accompanying analysis indicates the potential cost to the County and City to develop affordable housing units for families at a range of income levels. The assumptions contained in this report were derived after consultation with County, City and RDA staff, local developers, realtors and published data.

We conducted a housing affordability gap analysis for both renters and homebuyers in San Joaquin County. Graphs 1 through 4 illustrate graphically the various components of this gap analysis. The capital subsidy requirements are shown for a two-bedroom rental unit occupied by a family of three.

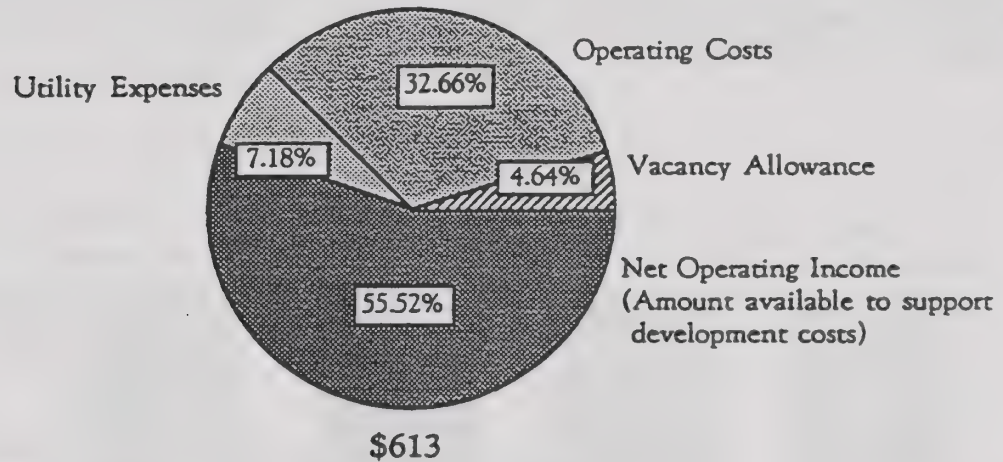
Graph 1 displays the breakdown of prototypical development costs for an 850 square foot, two-bedroom, one-bath rental unit in Stockton or San Joaquin County at a density of 20 units per acre. The total estimated development cost of \$65,404 is distributed 15.3 percent to land costs, 63.1 percent to hard construction cost, 10.6 percent to development fees and 11.1 percent to soft costs.



Graph 2 demonstrates the breakdown of monthly housing costs for this two-bedroom rental unit, for a family of three earning 80 percent of the San Joaquin County median income. This income, \$24,500, is approximately equivalent to the annual salary of a bank loan officer, public budget analyst or librarian working in San Joaquin County. Monthly housing costs are comprised of utility expenses (7.2%), operating costs

(32.7%) and a vacancy allowance (4.6%). The remainder, net operating income (55.5%), is the amount which can be put towards covering the cost of developing the unit.

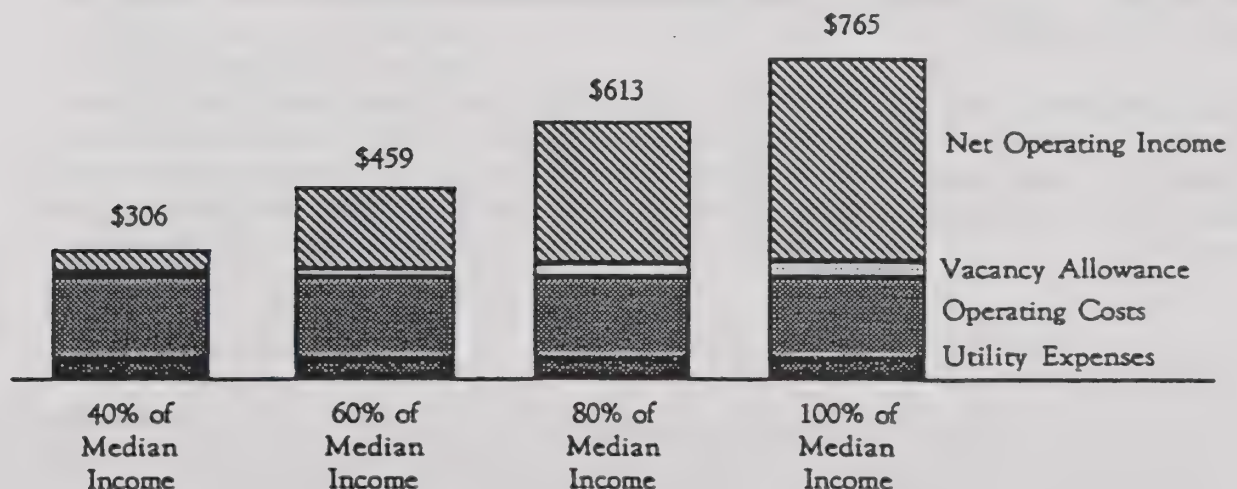
Graph 2
Monthly Housing Costs
2 Bedroom/1 Bath Rental Unit



(For a family of three earning \$24,500 annually)

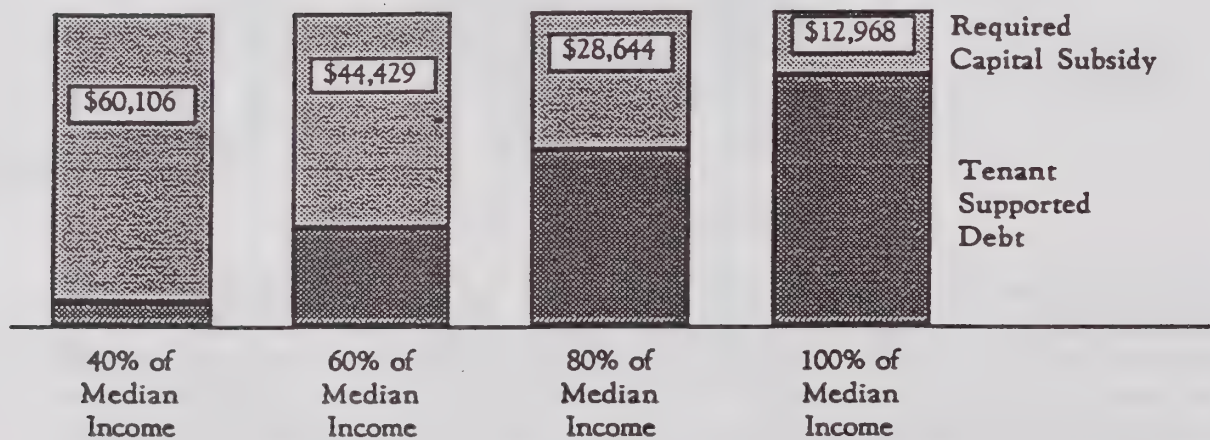
Graph 3 illustrates the monthly housing costs for a family of three at four income levels: 40%, 60%, 80% and 100% of median income. With the utility allowance, operating costs, and vacancy allowance remaining fairly constant from one income level to the next, the greatest variation is in the amount of monthly net operating income available to cover debt service. Net operating income ranges from \$485 for families earning 100% of median income to \$49 for families earning 40% of median income.

Graph 3
Monthly Housing Costs
At Four Income Levels



Graph 4 shows the amount of housing subsidy required for the same two-bedroom, one-bath unit for a three person household at four income levels. As illustrated in Graph 3, the net operating income decreases as a family's income declines. The net operating income determines the total debt a renter can support. When this amount is small, the required capital subsidy must fill the gap in order to meet the total development cost of the unit. For a family earning 40% of median income, only \$5,298 (or 8.1%) of the total development costs of \$65,404 can be supported by the tenant. The required subsidy comprises the remaining \$60,106 (91.9%). For a family earning 100% of median income, the amount of supportable debt increases to \$52,436 (80.2%) and the subsidy declines to \$12,968 (19.8%).

Graph 4
Required Capital Subsidy
At Four Income Levels



These capital subsidy requirements will be higher or lower depending on the type of housing unit to be constructed, whether it is for renters or owners, and the size of the family to be housed. Furthermore, special needs populations, such as those who might occupy single room occupancy units, also require different subsidy amounts, as this report will describe.

The Consultant Team will work with Agency, City and County staff, the Citizens Housing Task Forces and the City Council and Board of Supervisors to review the advisability, fiscal impact and feasibility of various policy and programmatic options which may be employed to close the housing affordability gaps for San Joaquin County residents.

III. AFFORDABLE HOUSING COSTS

Public funds and other assistance are needed to create affordable housing opportunities for households who cannot afford the market price for housing given their income level. This assistance is necessary because a large number of households cannot afford to pay the rent or mortgage payments required to cover the cost of constructing and operating a typical apartment or owning a home in Stockton or San Joaquin County. This section examines the affordable contribution towards housing that can be expected from those residents targeted for a housing assistance program.

A. Definitions: Target Income Ranges

Affordable housing assistance programs require definitions of the target group to be assisted. The three income classifications defined in Table 1 correspond to commonly accepted federal and state housing program guidelines. These specific income ranges will be used to determine affordable housing costs for purposes of this report.

Table 1
INCOME DEFINITIONS
San Joaquin County
(1991)

<u>HUD DEFINITION</u>	<u>MEDIAN INCOME RANGE FOR FAMILY OF FOUR</u>
Households earning not more than 50% of the area median income, adjusted for family size. ("Very Low Income")	No more than \$17,000
Households earning over 50% and not more than 80% of the area median income, adjusted for family size. ("Low Income")	Between \$17,000 and \$27,200
Households earning over 80% and not more than 120% of the area median income, adjusted for family size. ("Moderate Income")	Between \$27,200 and \$40,800

Each income range is based on the U.S. Department of Housing and Urban Development (HUD) published 1991 median income level for San Joaquin County of \$34,000 for a family of four. Households of all sizes require assistance. Therefore,

income standards are adjusted for family size (according to HUD standards) in this analysis. Table 2 shows the various income levels by family size.

B. Affordable Housing Cost Standards

For this analysis, affordable housing cost for renters is defined as the amount of income a tenant can afford to spend on monthly rent and utility expenses. For homeowners, affordable cost is defined to include principal and interest, loan insurance, property taxes, fire and casualty insurance, utilities and property maintenance fees.¹ Most federal affordability standards for renters are now established at 30 percent of income. The State Redevelopment Law income limits closely match the federal standard.²

There exists several precedents for this approach to defining affordable rents. HUD has negotiated long-term restricted rent agreements on this basis with profit-motivated owners of federally subsidized projects who may prepay their federal mortgages and opt out of rent restrictions. Federal rent subsidy programs such as the Section 8 program require that tenants pay only 30 percent of their gross income for rent and utilities. The difference between what each tenant household can afford to pay and fair market rent is made up by the rent subsidy.

This means that a family of four earning the median income for San Joaquin County of \$34,000 should have to spend no more than \$10,200 annually, or \$850 per month, for housing (at the 30 percent standard). As Table 2 indicates, incomes are adjusted to account for family size by HUD. The median income for a two person household is \$27,200. The correlated affordable monthly rent would be \$680. Table 3 shows the affordable monthly housing cost for varying family sizes at different income levels. Each entry applies the 30% affordable monthly cost standard to the corresponding annual income in Table 2. These amounts are then divided by 12 to reach monthly figures.

C. Prototypical Income Levels

Standard federal and state policy typically establishes affordable rent levels and rent-paying ability at the top of each income group. For example, affordable rents for tenants earning less than 50 percent of median income are typically defined as the

¹California Administrative Code Title 25 Section 6920 adds several other expense items to the definition of homeowner expenses. These include ground lease fee (if any) and property maintenance fees in addition to those paid through condominium association fees. Title 25 applies to the California Community Redevelopment Law.

²For any Redevelopment Agency in the County utilizing its twenty percent Housing Set-Aside Fund, housing affordability is defined according to California State Redevelopment Law (Health and Safety Code 50052.5 and 50053). For owner-occupied households which receive assistance on or after January 1, 1991, and which earn more than 110 percent of area median income, affordable housing expense may be defined at up to 35 percent of gross income. For other owner and all renter occupied households, affordable housing expense is 30 percent of gross income. We therefore employ the 30% affordability standard for the San Joaquin County Affordable Housing Strategy.

Table 2
1991 HUD INCOME LEVELS

San Joaquin County

Number in Household:		1	2	3	4	5	6	7	8
<u>HUD Adjustment for Family Size:</u>		<u>0.70</u>	<u>0.80</u>	<u>0.90</u>	<u>1.00</u>	<u>1.08</u>	<u>1.16</u>	<u>1.24</u>	<u>1.32</u>
"Median Income"	100% of median	\$23,800	\$27,200	\$30,600	\$34,000	\$36,720	\$39,440	\$42,160	\$44,880
"Low Income"*	80% of median	\$19,050	\$21,750	\$24,500	\$27,200	\$29,350	\$31,550	\$33,750	\$35,900
	60% of median	\$14,280	\$16,320	\$18,360	\$20,400	\$22,032	\$23,664	\$25,296	\$26,928
"Very Low Income"*	50% of median	\$11,900	\$13,600	\$15,300	\$17,000	\$18,350	\$19,700	\$21,100	\$22,450
	40% of median	\$9,520	\$10,880	\$12,240	\$13,600	\$14,688	\$15,776	\$16,864	\$17,952
	25% of median	\$5,950	\$6,800	\$7,650	\$8,500	\$9,175	\$9,850	\$10,550	\$11,225

* The low and very low income limits, as published by the U.S. Dept. of H.U.D. in 1991.

Note: the 100%, 60% and 40% of median income levels are based on HUD adjustments for family size per HUD memorandum, and the 25% of median income level is half that of the HUD published 50% of median income level.

Source: U.S. Dept. of H.U.D., April 17, 1991 Memorandum and HUD Economic and Market Analysis Division.
1991 Income Limits for Low Income and Very Low Income Families, Stockton MSA.

David Paul Rosen & Associates and Elizabeth Seifel Associates

Table 3
AFFORDABLE MONTHLY HOUSING COST
1991 HUD INCOME LEVELS

San Joaquin County

Number in Household: <i>HUD Adjustment for Family Size:</i>		1 <u>0.70</u>	2 <u>0.80</u>	3 <u>0.90</u>	4 <u>1.00</u>	5 <u>1.08</u>	6 <u>1.16</u>	7 <u>1.24</u>	8 <u>1.32</u>
"Median Income"	100% of median	\$595	\$680	\$765	\$850	\$918	\$986	\$1,054	\$1,122
"Low Income"	80% of median	\$476	\$544	\$613	\$680	\$734	\$789	\$844	\$898
	60% of median	\$357	\$408	\$459	\$510	\$551	\$592	\$632	\$673
"Very Low Income"	50% of median	\$298	\$340	\$383	\$425	\$459	\$493	\$528	\$561
	40% of median	\$238	\$272	\$306	\$340	\$367	\$394	\$422	\$449
	25% of median	\$149	\$170	\$191	\$213	\$229	\$246	\$264	\$281

Source: U.S. Dept. of H.U.D., April 17, 1991 Memorandum, San Joaquin Housing Authority and
1991 Income Limits for Low Income and Very Low Income Families, Stockton MSA.

David Paul Rosen & Associates and Elizabeth Seifel Associates

affordable level for a family earning exactly 50 percent of median income. Since each income class has within it households at a range of incomes, most families overpay for their housing under this definition.

For purposes of this analysis, four prototypical incomes have been chosen to illustrate affordable housing costs at four income levels. Rather than choosing incomes exclusively at the top end of each income range, the prototypical incomes are placed at 40%, 60%, 80% and 100% of median income for the four income levels, as shown in Table 4 below.

Table 4
AFFORDABLE HOUSING COST DEFINITIONS,
PROTOTYPICAL INCOMES AT FOUR INCOME LEVELS
San Joaquin County

<u>LEVEL</u>	<u>INCOME RANGE -</u>	<u>PROTOTYPICAL INCOME</u>
I	Up to 50% of the area median income.	40% of the area median income.
II	Between 50% and 80% of the area median income.	60% of the area median income.
III	Between 50% and 80% of the area median income.	80% of the area median income.
IV	Between 80% and 120% of the area median income.	100% of the area median income.

Table 5 lists existing jobs in the public and private sector in San Joaquin County, grouped by the income categories outlined in Table 4. Within the income category represented by Level I, a hand packer or packager would earn \$13,354 annually, or just under 40% of median income for a family of four. (See Table 2 for a listing of incomes at 40%, 60%, 80% and 100% of median income). Within Level II and III, an airport ground worker would earn just over 60% of median income for a family of four (at \$20,426), and a secretary would earn approximately 80% of median income (at \$27,072). Level IV includes a case manager earning \$33,259, just under the \$34,000 median income for a family of four in San Joaquin County. The annual salaries of the hand packer, airport ground worker, secretary and case manager reflect the prototypical incomes for each income level. This analysis bases all calculations on the prototypical incomes within each income level.

Table 5
CORRESPONDENCE BETWEEN JOBS
AND PROTOTYPICAL INCOME CLASSIFICATIONS

Stockton/San Joaquin County

LEVEL 1

Below 50% of median income for family of four

<u>Job Description</u>	<u>Annual Salary</u>	<u>Job Description</u>	<u>Annual Salary</u>
Cashier	\$8,500	Dental Assistant	\$12,480
Security Guards	\$9,000	Medical Assistant	\$12,480
Retail Sales Clerk	\$9,260	Hand Packers	\$12,840
Child Care Aide	\$9,360	Light Truck Driver	\$13,000
Restaurant Cook	\$9,360	Hand Packers, Packagers	\$13,354
Police Aide	\$10,152	Sales Rep (non-technical)	\$13,960
Assembler	\$10,400	Legal Secretary	\$14,560
Nurses aide	\$10,816	Computer Operator	\$14,560
Receptionist	\$11,300	Welder	\$15,080
Teachers Aide	\$11,540	Laundry Worker	\$15,434
Bank Teller	\$11,731	Automotive Mechanic	\$15,600
Accounting clerk	\$12,168		

LEVEL II AND III

Between 50% to 80% of median income for family of four

<u>Job Description</u>	<u>Annual Salary</u>	<u>Job Description</u>	<u>Annual Salary</u>
Mail Clerk	\$17,014	Park Worker	\$21,710
Child Care Attendant	\$17,430	Budget Analyst I	\$23,940
Data Entry Operator I	\$19,212	Administrative Analyst I	\$26,328
Computer Programmer	\$19,386	Librarian I	\$26,436
Aids Educator	\$19,698	Accountant I	\$26,460
Airport Ground Worker	\$20,426	Personnel Analyst	\$26,707
Janitor	\$20,592	Operating Engineer	\$26,915
Loan Officer -	\$21,195	Secretary	\$27,072

LEVEL IV

Between 80 to 120% of median income for family of four

<u>Job Description</u>	<u>Annual Salary</u>	<u>Job Description</u>	<u>Annual Salary</u>
Deputy Sheriff I	\$27,706	Auditor	\$32,124
Sr. Maintenance Worker	\$28,320	Police Officer	\$32,772
Administrative Assistant I	\$28,392	Case Manager	\$33,259
Blacksmith	\$29,208	Pharmacist	\$38,480
Fireman	\$29,400	Deputy District Attorney II	\$38,501
JR Civil Engineer	\$29,532	Deputy Public Defender II	\$38,501
Physical Therapist I	\$29,827	Chief Clinical Social Worker	\$38,979
Microbiologist	\$31,356	Dept. Systems Coordinator	\$39,936
Electrician II	\$31,608		

Source: Employment Development Department 1990 Annual Planning Information: Stockton Metropolitan Statistical Area; County of San Joaquin Salary Range Assignment, 1991.

David Paul Rosen & Associates and Elizabeth Seifel Associates

IV. DEVELOPMENT COSTS AND OPERATING EXPENSES

The purpose of the gap analysis is to identify the potential subsidy requirements for households in San Joaquin County. The first step is to establish the amount an owner or tenant can afford to contribute to the cost of owning or renting a unit. Affordable housing cost and income levels were defined in the previous section for homeowners and renters. The next step is to determine development and operating costs for typical units in the City and County

In order to perform the gap analysis, various assumptions must be made for these costs. The assumptions are summarized below, first for development costs and then for operating expenses.

A. Prototypical Development Costs

Two prototypical units have been chosen for the owner gap analysis in San Joaquin County: a 2 bedroom/2 bath house and a 3 bedroom/2 bath house. In addition, two prototypical renter units are analyzed: a 2 bedroom/2 bath unit and a 3 bedroom/2 bath unit. Table 6 presents the development costs assumed for the two ownership housing prototypes. Table 7 presents the development costs assumed for the two renter housing prototypes. The development costs, including land cost, hard construction cost, processing and development fees and soft costs, are discussed below.

1. Land Cost

Based on discussions with San Joaquin County Redevelopment Agency and Planning Staff, developers active in the County and a review of land comparables,³ we have assumed a land cost for improved parcels of \$125,000 per acre for the ownership housing prototypes. From reviewing proposed residential development projects, it seems most appropriate to use densities of 5 units per acre for ownership units. Thus, the land cost translates to approximately \$25,000 per house.

Land cost for improved parcels for the renter units are projected at \$200,000 per acre. An average density of 20 units per acre is assumed, yielding an effective land cost of \$10,000 per renter unit.

2. Hard Construction Cost

Total hard construction costs (including building, parking and landscaping) are estimated at \$38 per square foot of living area for the 2 bedroom/2 bath house (at 950 square feet) and \$35 per square foot for the 3 bedroom/2 bath house (at 1100 square feet). Construction of a 440 square foot garage is also included in the hard costs, at \$22 per square foot. Hard construction costs total \$45,780 for the 2 bedroom/2 bath house, and \$48,180 for the 3 bedroom/2 bath house.

³ From TRW Real Estate Services.

Table 6
DEVELOPMENT COST FOR HOUSING PROTOTYPES
OWNER HOUSING

Stockton/San Joaquin County

	<u>2 BEDROOM/2 BATH</u>	<u>3 BEDROOM/2 BATH</u>
Unit Square Footage	950	1100
LAND COST (1)	\$25,000	\$25,000
HARD CONSTRUCTION COST (2)	\$45,780	\$48,180
CITY FEES (3)	\$10,730	\$11,053
SOFT COSTS (4)	<u>\$6,781</u>	<u>\$7,108</u>
TOTAL DEVELOPMENT COST	\$88,291	\$91,340
<i>Per Square Foot</i>	\$93	\$83

(1) Based on average density of 5 units per acre and

average land cost for improved parcels of \$125,000 per acre.

(2) Estimated at \$38 per square foot of living area for 2 bedroom/2 bath house

and \$35 per square foot for 3 bedroom/2 bath house. Includes a 440 square foot garage at \$22 per square foot.

(3) Based on current City of Stockton fees for prototypical projects.

(4) Assumed at twelve percent of hard construction cost and development fees.

Developer profit is not included, typically an additional ten percent.

Source: City of Stockton, San Joaquin County, Local developers and builders.

David Paul Rosen & Associates and Elizabeth Seifel Associates

Table 7
DEVELOPMENT COST FOR HOUSING PROTOTYPES
RENTER HOUSING

Stockton/San Joaquin County

	<u>2 BEDROOM/1 BATH</u>	<u>3 BEDROOM/2 BATH</u>
Unit Square Footage	850	1050
LAND COST (1)	\$10,000	\$10,000
HARD CONSTRUCTION COST (2)	\$41,250	\$50,250
CITY FEES (3)	\$6,927	\$7,323
SOFT COSTS (4)	<u>\$7,227</u>	<u>\$8,636</u>
TOTAL DEVELOPMENT COST	\$65,404	\$76,209
Per Square Foot	\$77	\$73

- (1) Based on average density of 20 units per acre and average land cost for improved parcels of \$200,000 per acre.
 (2) Estimated at \$45 per square foot of building area, with an additional \$3,000 for surface parking.
 (3) Based on current City of Stockton fees for prototypical projects.
 (4) Assumed at fifteen percent of hard construction cost and development fees.
 Developer profit is not included, typically an additional ten percent.

Source: City of Stockton, San Joaquin County, Local developers and builders.

David Paul Rosen & Associates and Elizabeth Seifel Associates

Hard construction costs for the higher density, renter prototypes are assumed at \$45 per square foot of building area. An additional \$3,000 is included for surface parking. The 2 bedroom/2 bath unit, at 850 square feet, would have a total hard construction cost of \$41,250. The 3 bedroom/2 bath renter unit, at 1050 square feet, would require \$50,250 for hard construction costs.

These estimates are considered to represent good quality construction. The above hard costs conform to the experience of City and County Redevelopment Agency and Planning Department staff as well as interviews with local developers.

3. Public Fees

Public fees include plan check and permit fees, water connection, public facilities fees, air mitigation fees, school fees and others. Fees for the owner and renter prototypes are listed in Table 8. The fees used in this analysis represent prototypical fees for the City of Stockton as if the units were built in Fee Area Number 6. This area represents a slightly higher than average level of fees within Stockton. School fees were calculated at \$1.58 per foot of habitable space, per the school district formula. Total fees for the housing prototypes are projected at \$10,730 for the 2 bedroom/2 bath house and \$11,053 for the 3 bedroom/2 bath house. For the renter prototypes, fees total \$6,927 for the 2 bedroom/1 bath unit and \$7,323 for the 3 bedroom/2 bath unit.

Public fees vary widely across the County, with the prototypical fees outlined above falling towards the higher end of the spectrum for other cities and unincorporated areas. Use of these fees in the analysis is therefore conservative. Building and permit fees are slightly lower for the County than for Stockton; however, some other cities levy higher fees. The two owner prototypes would require \$975 and \$1,050 for building and permit fees, and the two renter prototypes would require \$800 and \$920 (for the 2 bedroom and 3 bedroom units, respectively).

In the County, traffic impact mitigation fees range from \$2,096 to \$3,249 for single family residences. This is comparable to Stockton's traffic signal fees (zone and city wide) and street improvements fee, which total to \$2,385 for the prototypical owner units. For renter units, the County traffic fees range from \$1,373 to \$2,129, as compared to the \$1,786 in traffic fees assumed for the prototypical renter units.

A water impact mitigation fee of \$1,035 is charged on single family residences in certain areas of the County (equivalent to \$383 per unit for a 10 unit rental building). The Stockton fees used in this analysis include water connection and surface water fees, which total \$1,472 per owner unit and \$595 for renter units. Sewer fees in some areas are lower; however, they can be higher depending on the extensions required for additional service.

Fire district assessment and fire bureau fees are typically lower in the County than in Stockton. These fees reach \$0.29 per square foot in some localities. School fees are constant across the County, at \$1.58 per foot of habitable space.

Table 8
PROCESSING AND DEVELOPMENT FEES
OWNER AND RENTER PROTOTYPES

City of Stockton (1991)

FEES	OWNER 2 BEDROOM/ 2 BATH	OWNER 3 BEDROOM/ 2 BATH	RENTER 2 BEDROOM/ 1 BATH	RENTER 3 BEDROOM/ 2 BATH
Plan Check and Permit Fee	\$1,067	\$1,136	\$419	\$499
Micro- Fee	\$9	\$9	\$9	\$9
SMIP	\$4	\$4	\$3	\$3
Water Connection	\$395	\$395	\$197	\$197
Sewer Connection	\$1,890	\$1,890	\$1,323	\$1,323
Traffic Signal Fee: Zone	\$56	\$56	\$55	\$55
Traffic Signal Fee: City Wide	\$24	\$24	\$49	\$49
Public Facilities Fees:				
City Office Space	\$124	\$124	\$74	\$74
Fire Stations	\$118	\$118	\$69	\$69
Libraries	\$239	\$239	\$141	\$141
Police Station Expansion	\$259	\$259	\$152	\$152
Community Recreation Centers	\$131	\$131	\$77	\$77
Street Improvements	\$2,305	\$2,305	\$1,682	\$1,682
Park Land	\$1,173	\$1,173	\$691	\$691
Surface Water (1)	\$1,077	\$1,077	\$398	\$398
Administration Fees	\$139	\$139	\$82	\$82
General Plan Maintenance and Implementation	\$51	\$63	\$42	\$42
Special Planning Area Study Fee	\$26	\$31	\$21	\$21
Permit Tracking	\$10	\$10	\$10	\$10
Land Update	\$3	\$3	\$3	\$3
Air Mitigation Fee	\$129	\$129	\$87	\$87
School Fees (2)	<u>\$1,501</u>	<u>\$1,738</u>	<u>\$1,343</u>	<u>\$1,659</u>
TOTAL	\$10,730	\$11,053	\$6,927	\$7,323

Note: The above figures represent prototypical fees for the City of Stockton, Fee Area No. 6.

(1) Calculations based on \$1077 for first unit and \$323 for each additional unit, assuming a 10 unit building for renter prototypes.

(2) Based on \$1.58 per square foot of habitable space per school district formula.

Source: City of Stockton Building Division

David Paul Rosen & Associates and Elizabeth Seifel Associates

4. Soft Costs

Soft costs include predevelopment expenses, construction and permanent financing fees, construction interest and insurance, developer overhead, contractor overhead and profit, architecture and engineering fees. For the two owner housing prototypes, soft costs are estimated at 12 percent of hard construction costs and processing and development fees. For the two renter housing prototypes, soft costs are projected at 15 percent of hard constructions costs and processing and development fees.

5. Total Development Cost

No additional allowance is made for developer profit, typically assumed to be equivalent to about 10 percent of unit purchase price. The costs of selling the units are assumed to be kept to a minimum and are included as part of the soft cost allowance. Thus, we assume the total development costs are equivalent to the sales price of the unit.

Development costs for the prototypes, including land cost, hard construction cost, development fees and soft costs, total \$88,291 for the 2 bedroom/2 bath house. This is equivalent to \$93 per square foot. For the 3 bedroom/2 bath house, development costs total \$91,340, or \$83 per square foot (see Table 6).

The total development costs for the 2 bedroom/1 bath renter unit are projected at \$65,404, or \$77 per square foot. For the 3 bedroom/2 bath renter unit, development costs total \$76,209, or \$73 per square foot (see Table 7).

B. Operating Expenses

There are two fundamental types of housing expenses to be borne by the tenant or owner: operating costs and financing or mortgage obligations. In other words, there is the cost to maintain the unit and the cost to pay for purchasing or developing the actual structure.

The first set of costs are typically defined to include utilities and general operating costs such as property maintenance, property taxes and property insurance. In the case of renters, all but utilities are paid by the landlord as an annual operating cost of the unit out of rental income. In the case of homeowners, all of the operating costs are paid by the homeowner directly.

The second expense, financing costs or mortgage obligation, occurs when all or a portion of the purchase price is financed. This cost is always an obligation of the owner and in the tenant's case, of the landlord. This mortgage obligation varies according to the amount of downpayment or equity invested, the term of the loan (number of years), the annual interest rate and property mortgage insurance rate (mortgage insurance is often required by lenders depending upon the level of equity invested).

1. Utility Allowance

Table 9 shows current utility allowances used by the Housing Authority of the County of San Joaquin for HUD programs. Tenant utility allowances are those approved by the U.S. Department of Housing and Urban Development (HUD) for San Joaquin County for 1992, effective October 1, 1991. They include allowances for gas and electricity. It should be noted that these utility allowances are based on the unit size (i.e. the number of bedrooms) as opposed to the number of persons per household.

Table 9
MONTHLY UTILITY ALLOWANCES
San Joaquin County

<u>AVERAGE HOUSEHOLD SIZE</u>	<u>UNIT SIZE</u>	<u>UTILITY ALLOWANCE</u>
1 to 2	1 Bedroom	\$33
3	2 Bedrooms	\$44
4 plus	3+ Bedrooms	\$54

Source: Housing Authority of the County of San Joaquin

For purposes of the gap analysis, the utility allowances are used for both renters and owners to approximate the monthly utility expense for each prototypical housing unit.

2. General Operating Costs

A property maintenance allowance of \$150 is included in the general operating costs of an owner-occupied unit. This estimate is based on an average for comparable homes in the County. Property taxes are calculated at a County average of 1.03%, per the San Joaquin Auditor-Controller's Office. Property insurance at \$50 per month is also assumed.

For renters, a total monthly operating cost of \$200 is assumed based on current San Joaquin County expenses in typical apartment units. This cost is assumed to include all common area charges, maintenance, management fees, property taxes, and insurance. For new buildings at market purchase prices, this estimate may be an understatement as property taxes increasingly represent a greater cost burden.

A vacancy allowance of 5 percent is also deducted from rental income to compensate for the landlord's potential loss of rental income when units become unoccupied, particularly as tenants move out before a new tenant is found. Subsidized, lower income properties typically experience much lower vacancy rates of one to three percent.

3. Financing Costs

As discussed earlier, financing costs vary according to the amount of equity invested, the term of the loan, the annual interest and mortgage insurance rates. For owner units, the supportable debt amount is calculated assuming the buyer contributes a 10 percent downpayment. Thus, the loan would represent 90 percent of the value of the house, or the "loan to value ratio" would be 0.9 to 1.0. The loan term is projected at 30 years with a 9.0 percent fixed annual interest rate, amortized monthly. A property mortgage insurance rate premium of 0.38 percent is added to the annual interest rate, yielding an effective annual interest rate of 9.38 percent.

Tenant supported debt (or mortgage) is calculated based on what a tenant can afford to contribute on a monthly basis to financing costs. This is considered to be equivalent to their affordable monthly rent less the portion of that rent which is used to cover operating costs and the vacancy allowance. This monthly amount is translated into affordable tenant supported debt based on competitive mortgage terms. For purposes of this gap analysis, the loan-to-value ratio is assumed to be the amortized debt which may be supported by tenant net affordable rents. The balance of project financing is assumed to come from a capital subsidy. The loan term is projected at 30 years with a fixed, annual interest rate of 9.5 percent, amortized monthly. Property mortgage insurance is assumed not to be charged on the loan or included in this interest rate.

V. GAP ANALYSIS

The methodology and assumptions presented in the previous sections are employed in demonstrating the existence and magnitude of gaps between what County residents at the four specified income levels can afford to pay for housing and the cost of developing new housing within the City and County.

For our prototypes, the analysis begins with the amount of money County residents can afford to pay towards housing. Family size determines annual income (from Table 2) and affordable monthly housing cost (from Table 3) for the four prototypical income levels (40%, 60%, 80% and 100% of median income). In the case of the two bedroom prototype units, an average household size of 3 persons is assumed. For the three bedroom prototype units, an average household size of 5 persons is used. These are considered to be appropriate family sizes by HUD.⁴

We deduct from the affordable monthly housing cost all operating costs which the renter or owner must pay. These costs consist of the utility allowance and general operating costs, as described in the previous section. The result is the remaining monthly household income available for mortgage payments or debt coverage. This figure is used to calculate the mortgage which an owner can afford, or the debt which a tenant can effectively support.

This "affordable mortgage" or "tenant supported debt" is subtracted from the purchase price of the unit in order to determine the required capital subsidy. In the case of owner housing units, the required capital subsidy is further decreased by an assumed buyer downpayment. Please note that in this analysis, the development cost (as described in Section IV) is used as the purchase price of each unit.

Typically, the capital subsidy would be structured as a deferred loan, often but not exclusively granted by a jurisdiction to a non-profit developer with little to no equity to invest of their own.

A. HOMEOWNER

Table 10 illustrates the affordability gap analysis for the 2 bedroom/2 bath owner housing unit.

A family size of three persons dictates the annual incomes and affordable monthly housing cost for each income level. The affordable monthly housing cost is decreased by the housing expenses described in the previous section: monthly utility allowance, property maintenance allowance, property taxes and property insurance. The amount remaining can be put towards monthly mortgage payments.

⁴ Federal standards require the number of habitable rooms (this includes any living room, dining room, kitchen, bedroom, recreation room, porch for year round use and lodger room) be equal to or greater than the number of persons living in the unit. If there are more persons than habitable rooms, then the unit is considered to be "overcrowded".

Table 10
 HOMEOWNER SUBSIDY REQUIREMENTS
 AT TARGET INCOME LEVELS
 2 BEDROOM/2 BATH UNIT

Stockton/San Joaquin County

	<u>LEVEL I</u>	<u>LEVEL II</u>	<u>LEVEL III</u>	<u>LEVEL IV</u>
FAMILY SIZE	3	3	3	3
ANNUAL INCOME (1)	\$12,240	\$18,360	\$24,500	\$30,600
AFFORDABLE MONTHLY HOUSING COST (2)	\$306	\$459	\$613	\$765
LESS: Monthly Utility Allowance (3)	\$44	\$44	\$44	\$44
LESS: Property Maintenance Allowance (4)	\$150	\$150	\$150	\$150
LESS: Property Taxes (5)	\$76	\$76	\$76	\$76
LESS: Property Insurance	\$50	\$50	\$50	\$50
AFFORDABLE MORTGAGE PAYMENT	<u>(\$14)</u>	<u>\$139</u>	<u>\$293</u>	<u>\$445</u>
AFFORDABLE MORTGAGE (6)	\$0	\$16,704	\$35,212	\$53,478
TOTAL DEVELOPMENT COST (7)	\$88,291	\$88,291	\$88,291	\$88,291
BUYER DOWNPAYMENT (8)	<u>\$8,829</u>	<u>\$8,829</u>	<u>\$8,829</u>	<u>\$8,829</u>
REQUIRED CAPITAL SUBSIDY (9)	\$79,462	\$62,757	\$44,250	\$25,983

(1) Median family income for family of three.

(2) From Table 3, for family of three.

(3) Based on 1991 utility allowance, Housing Authority of the County of San Joaquin. (See Table 9).

(4) Estimate based on average for comparable homes.

(5) Based on 1.03% average tax rate per County Auditor Controller.

(6) Based on 9.0% fixed rate, 30 year mortgage amortized monthly with additional 0.38% property mortgage insurance rate premium.

(7) From Table 6.

(8) Assumed at 10% of development cost. Buyer would also need to contribute about 3% in closing fees on total mortgage amount.

(9) Equal to total development cost less buyer down payment. It should be noted that when the affordable mortgage payment is less than zero, the purchaser also needs subsidy assistance with annual operating costs.

Source: City of Stockton; San Joaquin County; U.S. Department of Housing and Urban Development; interviews with local developers and realtors.

David Paul Rosen & Associates and Elizabeth Seifel Associates

This "Affordable Mortgage Payment" is translated into a total "Affordable Mortgage", using the financing assumptions outlined in the previous section.

The total development costs are equivalent to the purchase price of the house. Thus, when that amount is decreased by the affordable mortgage and a buyer downpayment, the result represents the subsidy required to enable the purchase of the house. The buyer downpayment is assumed to equal 10 percent of development cost. It should be noted that the buyer would also need to contribute about 3 percent in closing fees on the total mortgage amount.

The required capital subsidies range from \$25,983 for a family earning 100% of the County's median income (Level IV) to \$79,462 for a family earning 40% of median income (Level I). The monthly affordable mortgage payment is negative (-\$14) for the Level I prototypical income. This means that the purchaser would need subsidy assistance with monthly operating cost in addition to the capital subsidy used for purchasing the house.

Table 11 repeats this analysis for a 3 bedroom/2 bath owner housing unit, assuming a family size of 5. The required capital subsidies total \$78,000 for a family earning 40% of median income (Level I). The subsidy is \$56,008 for the prototypical income of Level II, \$34,016 for Level III and \$11,783 for Level IV.

B. RENTER

The affordability gap analysis for the prototypical 2 bedroom/1 bath rental unit is illustrated in Table 12.

A family size of 3 is used in determining annual incomes and affordable housing costs. The monthly utility allowance is deducted from the affordable monthly housing cost to derive a figure for affordable monthly rent. This rent can be used to cover the building's maintenance and development cost.

Maintenance costs consist of monthly operating costs and the vacancy allowance. When these costs are deducted from the affordable monthly rent, the result is the amount of monthly rent which can be used to cover the unit's development cost. The amount is termed "Tenant Monthly Net Operating Income". From this figure, the total amount which can be used to cover the development cost of the unit is calculated, using the financing terms discussed in the previous section. As the development cost is debt financed, the total amount is termed "Tenant Supported Debt".

The difference between the tenant supported debt and the development cost is the required capital subsidy. This subsidy is \$60,106 for a family earning 40% of the County's median income (Level I). The required capital subsidy totals \$44,429 for Level II, \$28,644 for Level III and \$12,968 for Level IV.

Table 13 illustrates this analysis for the 3 bedroom/2 bath renter housing prototype. The required capital subsidy for a family of 5 earning 40% of the median income (Level I) is \$65,614. Families in income Level II would require a capital subsidy of \$46,802. The subsidy would total \$27,990 for Level III and \$9,069 for Level IV.

Table 11
 HOMEOWNER SUBSIDY REQUIREMENTS
 AT TARGET INCOME LEVELS
 3 BEDROOM/2 BATH UNIT

Stockton/San Joaquin County

	<u>LEVEL I</u>	<u>LEVEL II</u>	<u>LEVEL III</u>	<u>LEVEL IV</u>
FAMILY SIZE	5	5	5	5
ANNUAL INCOME (1)	\$14,688	\$22,032	\$29,350	\$36,720
AFFORDABLE MONTHLY HOUSING COST (2)	\$367	\$551	\$734	\$918
LESS: Monthly Utility Allowance (3)	\$54	\$54	\$54	\$54
LESS: Property Maintenance Allowance (4)	\$150	\$150	\$150	\$150
LESS: Property Taxes (5)	\$78	\$78	\$78	\$78
LESS: Property Insurance	\$50	\$50	\$50	\$50
AFFORDABLE MORTGAGE PAYMENT	<u>\$35</u>	<u>\$218</u>	<u>\$401</u>	<u>\$586</u>
AFFORDABLE MORTGAGE (6)	\$4,206	\$26,198	\$48,191	\$70,423
TOTAL DEVELOPMENT COST (7)	\$91,340	\$91,340	\$91,340	\$91,340
BUYER DOWNPAYMENT (8)	<u>\$9,134</u>	<u>\$9,134</u>	<u>\$9,134</u>	<u>\$9,134</u>
REQUIRED CAPITAL SUBSIDY (9)	\$78,000	\$56,008	\$34,016	\$11,783

(1) Median family income for family of five.

(2) From Table 3, for family of five.

(3) Based on 1991 utility allowance, Housing Authority of the County of San Joaquin. (See Table 9).

(4) Estimate based on average for comparable homes.

(5) Based on 1.03% average tax rate per County Auditor Controller.

(6) Based on 9.0% fixed rate, 30 year mortgage amortized monthly with additional 0.38% property mortgage insurance rate premium.

(7) From Table 6.

(8) Assumed at 10% of development cost. Buyer would also need to contribute about 3% in closing fees on total mortgage amount.

(9) Equal to total development cost less buyer down payment. It should be noted that when the affordable mortgage payment is less than zero, the purchaser also needs subsidy assistance with annual operating costs.

Source: City of Stockton; San Joaquin County; U.S. Department of Housing and Urban Development; interviews with local developers and realtors.

David Paul Rosen & Associates and Elizabeth Seifel Associates

Table 12
TENANT SUBSIDY REQUIREMENTS
AT TARGET INCOME LEVELS
2 BEDROOM/1 BATH RENTAL UNIT

Stockton/San Joaquin County

	<u>LEVEL I</u>	<u>LEVEL II</u>	<u>LEVEL III</u>	<u>LEVEL IV</u>
FAMILY SIZE	3	3	3	3
ANNUAL INCOME (1)	\$12,240	\$18,360	\$24,500	\$30,600
AFFORDABLE MONTHLY HOUSING COST (2)	\$306	\$459	\$613	\$765
LESS: Monthly Utility Allowance (3)	\$44	\$44	\$44	\$44
AFFORDABLE MONTHLY RENT	<u>\$262</u>	<u>\$415</u>	<u>\$569</u>	<u>\$721</u>
LESS: Monthly Operating Cost (4)	\$200	\$200	\$200	\$200
LESS: Vacancy Allowance (5)	\$13	\$21	\$28	\$36
TENANT MONTHLY NET OPERATING INCOME	<u>\$49</u>	<u>\$194</u>	<u>\$340</u>	<u>\$485</u>
TENANT SUPPORTED DEBT (6)	\$5,298	\$20,974	\$36,759	\$52,436
TOTAL DEVELOPMENT COST (7)	\$65,404	\$65,404	\$65,404	\$65,404
REQUIRED CAPITAL SUBSIDY (8)	<u>\$60,106</u>	<u>\$44,429</u>	<u>\$28,644</u>	<u>\$12,968</u>

(1) Median family income for family of three.

(2) From Table 3, for family of three.

(3) Based on 1991 utility allowance, Housing Authority of the County of San Joaquin (See Table 9).

(4) Estimated based on comparable rental properties.

(5) Assumed at 5% of affordable monthly rent.

(6) Based on 9.5% fixed rate, 30 year mortgage amortized monthly.

Assumes 1.10 to 1 Debt Coverage on Net Operating Income.

(7) From Table 7.

(8) Equivalent to total development cost less tenant supported debt.

It should be noted that when the tenant monthly operating income is less than zero, the tenant also needs subsidy assistance with annual operating costs.

Source: City of Stockton; San Joaquin County; U.S. Department of Housing and Urban Development; interviews with local developers and realtors.

David Paul Rosen & Associates and Elizabeth Seifel Associates

Table 13
TENANT SUBSIDY REQUIREMENTS
AT TARGET INCOME LEVELS
3 BEDROOM/2 BATH RENTAL UNIT

Stockton/San Joaquin County

	<u>LEVEL I</u>	<u>LEVEL II</u>	<u>LEVEL III</u>	<u>LEVEL IV</u>
FAMILY SIZE	5	5	5	5
ANNUAL INCOME (1)	\$14,688	\$22,032	\$29,350	\$36,720
AFFORDABLE MONTHLY HOUSING COST (2)	\$367	\$551	\$734	\$918
LESS: Monthly Utility Allowance (3)	\$54	\$54	\$54	\$54
AFFORDABLE MONTHLY RENT	<u>\$313</u>	<u>\$497</u>	<u>\$680</u>	<u>\$864</u>
LESS: Monthly Operating Cost (4)	\$200	\$200	\$200	\$200
LESS: Vacancy Allowance (5)	\$16	\$25	\$34	\$43
TENANT MONTHLY NET OPERATING INCOME	<u>\$98</u>	<u>\$272</u>	<u>\$446</u>	<u>\$621</u>
TENANT SUPPORTED DEBT (6)	\$10,595	\$29,407	\$48,219	\$67,140
TOTAL DEVELOPMENT COST (7)	\$76,209	\$76,209	\$76,209	\$76,209
REQUIRED CAPITAL SUBSIDY (8)	<u>\$65,614</u>	<u>\$46,802</u>	<u>\$27,990</u>	<u>\$9,069</u>

(1) Median family income for family of five.

(2) From Table 3, for family of five.

(3) Based on 1991 utility allowance, Housing Authority of the County of San Joaquin (See Table 9).

(4) Estimated based on comparable rental properties.

(5) Assumed at 5% of affordable monthly rent.

(6) Based on 9.5% fixed rate, 30 year mortgage amortized monthly.

Assumes 1.10 to 1 Debt Coverage on Net Operating Income.

(7) From Table 7.

(8) Equivalent to total development cost less tenant supported debt.

It should be noted that when the tenant monthly operating income is less than zero, the tenant also needs subsidy assistance with annual operating costs.

Source: City of Stockton; San Joaquin County; U.S. Department of Housing and Urban Development; interviews with local developers and realtors.

David Paul Rosen & Associates and Elizabeth Seifel Associates

VI. GAP ANALYSIS FOR SINGLE ROOM OCCUPANCY HOTELS

A similar gap analysis has been performed for Single Room Occupancy Hotels in the City and County. A single person household was studied at two incomes within Level 1: 25% of median income and 40% of median income. Table 14 illustrates this analysis.

As facilities in single room occupancy (SRO) buildings are shared, utilities are typically covered by the landlord, and are factored into the "monthly operating cost". These operating costs are projected to be \$200 per month.

The monthly operating costs and a five percent vacancy allowance are deducted from the affordable monthly housing cost to yield a "tenant monthly net operating income". For the Level 1 prototype at 25% of median income, the "tenant monthly net operating income" is negative (-\$59). This means that tenant rents would not cover operating costs, let alone development costs. Thus, the SRO building would need operating as well as capital subsidies. For the Level 1 prototype at 40% of median income, the "tenant monthly net operating income" is \$26. Therefore tenant rents could cover the annual operating costs and also help support the costs of purchasing the building. However, this \$26 monthly net operating income translates to only \$315 in tenant supported debt. Thus, the tenant contribution towards purchase cost is nominal.

Table 15 lists recently sold hotels and motels in the City of Stockton. These buildings are comparable to sites which could be converted to SRO buildings. The cost of developing single room occupancies from these buildings has been estimated based on the acquisition price per unit and projections of rehabilitation and soft costs. Rehabilitation costs are based on City estimates. Soft costs are assumed to be 15 percent of the rehabilitation costs. Development fees are included in this estimate of soft costs. The resultant development cost, or price per unit, averages \$35,309 per hotel unit and \$32,877 per motel unit. Capital subsidies would be required to cover such development costs.

Table 14
TENANT CONTRIBUTIONS
AT TARGET INCOME LEVELS
SINGLE ROOM OCCUPANCY UNITS

Stockton/San Joaquin County

	<u>LEVEL 1</u>	
	Median Income at <u>25%</u>	Median Income at <u>40%</u>
FAMILY SIZE	1	1
ANNUAL INCOME (1)	\$5,950	\$9,520
AFFORDABLE MONTHLY HOUSING COST (2) (3)	\$149	\$238
LESS: Monthly Operating Cost (4)	\$200	\$200
LESS: Vacancy Allowance (5)	\$7	\$12
TENANT MONTHLY NET OPERATING INCOME	<u>(\$59)</u>	<u>\$26</u>
TENANT SUPPORTED DEBT (6)	\$0	\$315

(1) Median family income for single person household.

(2) From Table 3, for single person household.

(3) Equivalent to "affordable monthly rent", assuming utility expenses are covered by the landlord and included in the "monthly operating cost".

(4) Estimated based on comparable properties.

(5) Assumed at 5% of affordable monthly rent.

(6) Based on 9.5% fixed rate, 30 year mortgage amortized monthly.

Assumes 1.10 to 1 Debt Coverage on Net Operating Income.

Source: City of Stockton; San Joaquin County; U.S. Department of Housing and Urban Development; interviews with local developers and realtors.

David Paul Rosen & Associates and Elizabeth Seifel Associates

Table 15
SINGLE ROOM OCCUPANCY COMPARABLES

Stockton/San Joaquin County

	Acquisition Cost				Development Costs Per Unit			Total Price Per Unit
	Sale Date	Land Area (sq. ft.)	Number of Units	Acquisition Cost	Acquisition	Rehabilitation	Soft Costs	
Hotels								
Bronx Hotel A.P.N. 149-20-13	12/86	5,000	50	\$400,000	\$8,000	\$25,000	\$3,750	\$36,750
Miner Delta Hotel A.P.N. 139-13-04	1991	7,000	32	\$475,000	\$14,844	\$15,000	\$2,250	\$32,094
St. Leo Hotel A.P.N. 149-17-12	1991	5,000	54	\$450,000	\$8,333	\$25,000	\$3,750	<u>\$37,083</u>
Average Price Per Unit:								\$35,309
Motels								
Motel Orleans	3/90		69	\$1,275,000	\$18,478	\$10,000	\$1,500	\$29,978
Stockton Motor Inn	3/90		72	\$1,300,000	\$18,056	\$10,000	\$1,500	\$29,556
Comfort Inn	3/90		85	\$1,500,000	\$17,647	\$10,000	\$1,500	\$29,147
Sunshine Inn	5/88		55	\$1,400,000	\$25,455	\$10,000	\$1,500	\$36,955
Travo-Tel Motel	1991		61	\$610,000	\$10,000	\$25,000	\$3,750	<u>\$38,750</u>
Motel Store/Office Space	1991	2,865		\$100,000				
Average Price Per Unit:								\$32,877

Source: City of Stockton and recent appraisal data.

David Paul Rosen & Associates and Elizabeth Seifel Associates

APPENDIX C

(City of Stockton 1992 Housing Element)

POLICY DOCUMENT

RATIONALE AND IMPLEMENTATION OF QUANTIFIED OBJECTIVES

This appendix contains the background information regarding the rationale and implementation of the quantified objectives for the very low income, other low income, homeless, and other persons with special needs groups outlined within the proposed General Plan Policy Document. The following objectives, rationale, and implementation measures were incorporated from the 1992 Comprehensive Housing Affordability Strategy (CHAS), which was passed, approved, and adopted by the Stockton City Council on January 21, 1992, Resolution No. 92-00037.

A. PRIORITIES AND PROGRAMS FOR VERY LOW INCOME RENTER HOUSEHOLDS

1. Provide Multifamily Rental Housing Opportunities for Large Families Including Special Needs of Minority Households

Priority Level: 1 (See Table 3)

Rationale: No other single group of households within the Stockton community experience greater difficulty in finding adequate housing facilities than do "large families." Although the number of large families in need of housing in this community is not as great as those of other family size, the City's experience in working with the Housing Authority of the County of San Joaquin is that this particular household group has few, if any, opportunities to move into descent, safe and sanitary facilities. This need has been multiplied tremendously with the immigration of the Southeast Asians into this community and the severe overcrowding conditions as evidenced in many of the rental housing projects that fall under the jurisdiction of the City's Housing Code Enforcement program.

Programs/Activities/Services:

Continue to utilize Community Development Block Grant, HOME and Redevelopment Agency funds, where available, to provide short and long term financing for construction and/or rehabilitation of additional large family rental housing projects.

Continue to implement the Redevelopment Agencies Land Banking program, which involves the acquisition of vacant parcels within the City's various redevelopment projects in order to accommodate new residential housing.

Continue to work with local non-profit housing providers and the Affordable Housing Coalition to identify new sites of opportunity that are suitable for multifamily housing development, especially, projects designed for large family units.

Provide direct or indirect assistance for the purpose of extending utilities and infrastructure improvements to make land, both within the central areas of the City as well as on the developing fringe, to continue to ensure that vacant land will be available at reasonable costs for the purpose of maintaining an adequate supply of multifamily residential sites.

Continue to gather information and to develop financial options and incentives to encourage owners of low income, multifamily rental projects from terminating federal mortgage programs or rent subsidies which become eligible for prepayment of those mortgages within the next five years.

Continue to support the use of State funding resources through State Housing Bond initiatives that will provide direct financing for the rehabilitation and/or development of new multifamily housing for large families.

Continue to support the use of and applications to the State for multifamily mortgage revenue bond programs.

Continue to support the local Housing Authority's applications for additional Section 8 certificates and vouchers earmarked for large family use.

Continue to support the efforts of the Stockton's Drug Abatement Task Force Team to eliminate slumlord operations and to encourage and motivate housing providers to provide descent, safe and sanitary facilities for its tenants.

5-Year Results: Over the course of the next five years, the City intends to achieve positive results in pursuing the above-described programs in order to assist 100 units of large family housing each year for a total of 500 units over a 5-year period.

2. Provide Multifamily Rental Housing Opportunities for Small Family and Elderly Households

Priority Level: 1 and 2 (See Table 3)

Rationale: Wherever statistical data is available, the largest single household group residing in substandard units or needing additional housing assistance through income subsidies as a result of being cost burdened, is a category of the small family renter. This statistical data is also supported and is evidenced by the extremely long waiting list for this family group within the Housing Authority's Section 8 program.

Programs/Activities/Services:

Continue to use CDBG, HOME, and State CHRP-R funds, where possible, to support moderate and substantial rehabilitation of existing rental housing stock within the City.

Continue to support applications to the State for multifamily revenue bonds to provide financing for the development of new zero, one and two bedroom apartment projects, as well as revenue bonds to provide for rehabilitation of existing units.

Continue to support the Housing Authority's applications for Section 8 certificates or vouchers for all family types, including small and elderly households.

Continue to support efforts to convert buildings suitable for single room occupancy housing and to provide funds and support the rehabilitation of existing single room occupancy projects for the purpose of providing permanent housing for the working poor.

Continue to implement Code Enforcement activities through aggressive enforcement of all applicable housing codes for the purpose of eliminating substandard housing conditions.

Continue to support the efforts of the Stockton's Drug Abatement Task Force Team to eliminate slumlord operations and to encourage and motivate housing providers to provide decent, safe and sanitary facilities for its tenants.

Continue to support efforts and applications for the Federal Section 202, Elderly Housing program.

5-Year Results: Over the next five years, the City intends to provide 500 additional new or rehabilitated small and elderly family housing units at the rate of 100 units per year to meet the needs of these family types.

B. PRIORITIES AND PROGRAMS FOR OTHER LOW INCOME RENTER HOUSEHOLDS

1. Provide Additional Multifamily Rental Housing Opportunities for Elderly, Small and Large Family Households

Priority Level: 1 and 2 (See Table 3)

Rationale: The needs of "other low income" households like those of "very low income" households are essentially identical. The only noticeable difference is the degree of subsidy needed to serve the "other low income" category is somewhat lower. Unlike "very low income" households, households with incomes in the range of 50% to 80% of median income are, in many cases, households that are considering or are nearly qualified for home ownership. However, for whatever reason, they lack the money for the initial down payment or, perhaps because of underwriting criteria, fail to meet all the standards as established by the lending industry.

Programs/Activities/Services:

Continue to use CDBG, HOME funds, and State CHRP-O funds, where possible, to support moderate and substantial rehabilitation of existing rental housing stock within the City.

Continue to support applications to the state for multifamily revenue bonds to provide financing for the development of new rental housing projects, as well as revenue bonds to provide for rehabilitation of existing units.

Provide direct or indirect assistance for the purpose of extending utilities and infrastructure improvements to make land, both within the central areas of the City as well as on the developing fringe, to continue to ensure that vacant land will be available at reasonable costs for the purpose of maintaining an adequate supply of multifamily residential land.

Continue to implement Code Enforcement activities through aggressive enforcement of all applicable housing codes for the purpose of eliminating substandard housing conditions.

Continue to support the efforts of the Stockton's Drug Abatement Task Force Team to eliminate slumlord operations and to encourage and motivate housing providers to provide descent, safe and sanitary facilities for its tenants.

Provide technical and financial support to existing tenant groups that demonstrate a desire to form a co-op or enter into some sort of mutual housing relationship within existing housing projects.

Encourage the development of new non-profit community based organizations for the purpose of acquiring and managing cooperative ownership housing projects.

Continue to support and encourage the conversion of existing rental housing projects into condominium ownership and provide financial opportunities to the existing tenants to empower them to acquire the units within which they reside.

Carry out credit counseling activities and to provide the appropriate counseling to those families who demonstrate the desire and the ability to move into home ownership opportunities and to facilitate those types of housing activities that incorporate self-help housing projects and similar activities by non-profit agencies demonstrating the capacity to develop affordable housing.

Continue to support the Housing Authority's applications for Section 8 certificates or vouchers for all family types.

Continue to support efforts to convert buildings suitable for single room occupancy housing and to provide funds and support the rehabilitation of existing single room occupancy projects for the purpose of providing permanent housing for the working poor.

C. PRIORITIES AND PROGRAMS FOR VERY LOW INCOME OWNER HOUSEHOLDS

1. Preserving the Existing Housing Stock

Priority Level: 1 (See Table 3)

Rationale: Throughout the sixteen years that the City of Stockton has been an entitlement community under the Community Development Block Program (CDBG), it has established and pursued a major housing objective of preserving the existing housing stock. This has been implemented by aggressively pursuing a rehabilitation program involving the single family housing stock and including owner-occupied duplexes. For the past sixteen years, the City has been involved in carrying out this program in fourteen identified geographic target areas. These target areas have been designated by the City Council based on strong grass roots efforts formulated at the neighborhood level and endorsed by the City Council as a whole. This neighborhood support is still evident today through the membership of the Community Development Committee, which is an advisory body to the City Council on all CDBG activities. The needs today for preserving the existing housing stock remain as strong as it did sixteen years ago. In meeting this need, the City has expanded its rehabilitation programs to go beyond those of targeted areas and now offers the same level of assistance to all residents of the City of Stockton. The City has found, with the rising cost of new construction and its associated development costs, it is virtually impossible for existing very low income homeowners to move up into more contemporary or newer housing with all of the modern amenities in a structure that meet current code standards. The only alternative to these homeowners is to continue to live in their existing substandard structures or to seek some form of assistance that involves the rehabilitation of the housing stock.

Programs/Activities/Services:

Continue to implement the CDBG funded rehabilitation loan and grant program throughout the City of Stockton. While this overall program ensures that 100% of the beneficiaries are lower income households, the following activities promote the preservation of housing for those of very low income:

Deferred payment loans made to qualified elderly and to qualified permanently disabled or totally handicapped applicants;

Emergency and mobility grants to very low income households;

Grants made to extremely low income households (less than 40% of median income);

Continue to use assistance offered through the State of California's CHRP-O program to provide piggyback loans in tandem with CDBG loans for very low income households in the rehabilitation of substandard dwellings.

Continue to implement a program for housing cosmetic assistance by providing CDBG funds for exterior house paint. With minimal assistance, pride of ownership can be enhanced, thereby complementing the objectives of the more substantial CDBG rehabilitation program.

Provide public facilities (storm and sanitary sewers, street and frontage improvements) to underserved neighborhoods using CDBG funds.

Continue to provide technical assistance to homeowners wishing to rehabilitate their properties.

Continue to assist and support service agencies addressing the special housing needs of the handicapped and the elderly.

Continue to pursue the objective of conserving energy in providing referrals to public utility companies in order to obtain whatever forms of assistance are available to eligible very low income homeowners.

5-Year Results: Over the course of the next five years, the City intends to achieve positive results in pursuing the above-described programs in order to preserve and rehabilitate to standard condition a minimum of 50 units per year for a total of 250 additional rehabilitated units for very low income households.

In addition each year approximately 23 housing units will benefit from rehabilitation assistance which may not result in bringing the structure entirely up to standard condition. This will result in aiding approximately 115 households over a five year period.

2. Provide Additional New Housing Opportunities for Single Family Home Ownership

Priority Level: 2 (See Table 3)

Rationale: Not all of the existing substandard housing owned and occupied by very low income households is suitable for rehabilitation. Therefore, there exists a need to provide replacement housing for those structures that fall under the enforcement activities of our Code Enforcement Division which result in their demolition. In addition, many of these same households are living in overcrowded conditions and, often times, this problem can be best solved by providing larger replacement housing. From an economic point of view, the City's experience is that it is often times far less costly to construct new housing in lieu of rehabilitating the existing housing stock, including providing relocation assistance to the household during the time the house is undergoing rehabilitation.

Programs/Activities/Services:

Continue to utilize CDBG funds, HOME, and Redevelopment Agency funds where available and when necessary in conjunction with non-profit housing providers in order to provide both short and long term financing for the construction of new single family housing.

Continue to implement the Redevelopment Agencies Land Banking program which involves the acquisition of vacant parcels within the City's various redevelopment projects in order to accommodate new residential housing.

Continue to work with local non-profit housing providers and the Affordable Housing Coalition to identify new sites of opportunity that are suitable for single family developments on either a scattered-site basis or in terms of traditional subdivision development.

Continue to provide public facilities (storm and sanitary sewers, street and frontage improvements) to vacant parcels that are suitable for single family home development.

Continue to provide financing for non-profit housing providers for self-help housing projects. This method of development has proven to be one of the most effective means in providing new single family housing at its most affordable cost.

Continue to seek funding from the State through mortgage revenue bond programs or mortgage credit certificates to provide adequate financing tools to support construction of new single family home ownership and to provide mortgage payment subsidies to make home ownership more affordable.

Continue to pursue the feasibility of providing mobile home park residents with ownership opportunities by seeking financing through the State of California's Mobile Home Park Resident Ownership program.

Continue to assist local developers in acquiring sites and preparing proposals for State or Federally assisted residential projects.

Continue the Redevelopment Agencies program of acquisition, development and disposition of single family subdivisions within designated redevelopment projects.

5-Year Results: Over the course of the next five years, the City intends to support programs and services that will result in the addition of 120 new single family housing units each year for a total of 600 additional new housing units over a five-year period.

D. PRIORITIES AND PROGRAMS FOR OTHER LOW INCOME OWNER HOUSEHOLDS

1. Preserving the Existing Housing Stock

Priority Level: 1 (See Table 3)

Rationale: Throughout the sixteen years that the City of Stockton has been an entitlement community under the Community Development Block Program (CDBG), it has established and pursued a major housing objective of preserving the existing housing stock. This has been implemented by aggressively pursuing a rehabilitation program involving the single family housing stock and including owner-occupied duplexes. For the past sixteen years, the City has

been involved in carrying out this program in fourteen identified geographic target areas. These target areas have been designated by the City Council based on strong grass roots efforts formulated at the neighborhood level and endorsed by the City Council as a whole. This neighborhood support is still evident today through the membership of the Community Development Committee, which is an advisory body to the City Council on all CDBG activities. The needs today for preserving the existing housing stock remain as strong as it did sixteen years ago. In meeting this need, the City has expanded its rehabilitation programs to go beyond those of targeted areas and now offers the same level of assistance to all residents of the City of Stockton. The City has found, with the rising cost of new construction and its associated development costs, it is extremely difficult for low income homeowners to move up into more contemporary housing with all of the modern amenities that meets current code standards. The only alternative to these homeowners is to continue to live in their existing substandard structures or to seek some form of assistance that involves the rehabilitation of the housing stock.

Programs/Activities/Services:

Continue to implement the CDBG funded rehabilitation loan and grant program throughout the City of Stockton. This program ensures that 100% of the beneficiaries are lower income households, with income less than 80% of the area median income.

Continue to implement a program for housing cosmetic assistance by providing CDBG funds for exterior house paint. With minimal assistance, pride of ownership can be enhanced, thereby complementing the objectives of the more substantial CDBG rehabilitation program.

Provide public facilities (storm and sanitary sewers, street and frontage improvements) to underserved neighborhoods using CDBG funds.

Continue to provide technical assistance to homeowners wishing to rehabilitate their properties.

Continue to assist and support service agencies addressing the special housing needs of the handicapped and the elderly.

Continue to pursue the objective of conserving energy in providing referrals to public utility companies in order to obtain whatever forms of assistance are available to eligible very low income homeowners.

5-Year Results: Over the course of the next five years, the City intends to achieve positive results in pursuing the above-described programs in order to preserve and rehabilitate to standard condition a minimum of 30 units per year for a total of 150 additional rehabilitated units for other lower income households.

2. Provide Additional New Housing Opportunities for Single Family Home Ownership

Priority Level: 2 (See Table 3)

Rationale: Not all of the existing substandard housing owned and occupied by other low income households is suitable for rehabilitation. Therefore, there exists a need to provide replacement housing for those structures that fall under the enforcement activities of our Code Enforcement Division which result in their demolition. In addition, many of these same households are living in over crowded conditions and, often times, this problem can be best solved by providing larger replacement housing. From an economic point of view, the City's experience is that it is often times far less costly to construct new housing in lieu of rehabilitating the existing housing stock, including providing relocation assistance to the household during the time the house is undergoing rehabilitation.

Programs/Activities/Services:

Continue to utilize CDBG funds, HOME, and Redevelopment Agency funds where available and when necessary in conjunction with non-profit housing providers in order to provide both short and long term financing for the construction of new single family housing.

Continue to implement the Redevelopment Agencies Land Banking program which involves the acquisition of vacant parcels within the City's various redevelopment projects in order to accommodate new residential housing.

Continue to work with local non-profit housing providers and the Affordable Housing Coalition to identify new sites of opportunity that are suitable for single family developments on either a scattered-site basis or in terms of traditional subdivision development.

Continue to provide public facilities (storm and sanitary sewers, street and frontage improvements) to vacant parcels that are suitable for single family home development.

Continue to provide financing for non-profit housing providers for self-help housing projects. This method of development has proven to be one of the most effective means in providing new single family housing at its most affordable cost.

Continue to seek funding from the State through mortgage revenue bond programs or mortgage credit certificates to provide adequate financing tools to support construction of new single family home ownership and to provide mortgage payment subsidies to make home ownership more affordable.

Continue to pursue the feasibility of providing mobile home park residents with ownership opportunities by seeking financing through the State of California's Mobile Home Park Resident Ownership program.

Continue to assist local developers in acquiring sites and preparing proposals for State or Federally assisted residential projects.

Continue the Redevelopment Agencies program of acquisition, development and disposition of single family subdivisions within designated redevelopment projects.

5-Year Results: Over the course of the next five years, the City intends to support programs and services that will result in the addition of 30 new single family housing units each year for a total of 150 additional new housing units over a five-year period.

E. PRIORITIES AND PROGRAMS FOR THE HOMELESS

1. Maintain and Expand the Support of Existing Shelter Programs

Priority Level: 2 (See Table 3)

Rationale: Updates on the surveys of the homeless population continue to indicate that the percentage of homeless will increase as the population of the City increases. The City's overall population has been increasing at a rate of approximately 3% annually. This rate of increase is expected to continue for at least the next five years.

Programs/Activities/Services:

Continue to allocate Federal Emergency Shelter Grant monies in support of ongoing programs for the homeless. Agencies currently funded include Stockton Shelter for the Homeless, St. Mary's Interfaith Dining Hall and the Women's Center of San Joaquin County.

Relocate and expand the facilities for the Stockton Family Shelter. This may include partial funding from Federal Community Development Block Grant (CDBG) and Emergency Shelter Grant programs where available for this purpose.

Continue to utilize the facilities of the San Joaquin County Migrant Farm Worker camps at the Manthey Road site for emergency overflow needs of homeless families during the winter months.

5-Year Results: Over the course of the next five years, the City intends to support programs that will result in the addition of 75 emergency shelter beds for single men and women and development of a family shelter facility capable of supporting 30 families.

2. Provide Transitional Housing Facilities

Priority Level: 1 (See Table 3)

Rationale: There are eight halfway houses located in the City of Stockton serving the needs of recovering alcoholics accommodating a total of 30 persons. Five of these facilities are for men having a total capacity of 30 beds. Three facilities are for women having a total capacity of 14 beds. One halfway house serves the needs of released jail inmates and their families (up to 25 persons). While these efforts may be technically classed as "transitional housing," none are

focused on the needs of the homeless. It is estimated that at least 1/3 of the single homeless and 1/2 of all homeless families in the Stockton area would benefit from participation in a transitional housing program. There are no ongoing transitional housing programs in the City of Stockton that seek to reintegrate the homeless into the mainstream of the community. There are no transitional housing programs specifically focused on the needs of the homeless in the City of Stockton. Although such programs are currently being seriously discussed and planned. It is anticipated that funds available under the transitional housing provision of the Supportive Housing Demonstration Program will assist in acquisition and development of needed transitional housing programs for the homeless in the City with homeless families and single individuals being recognized as priorities.

Programs/Activities/Services:

Identification of suitable sites and structures that can be considered for conversion/ rehabilitation or development of a transitional housing facility.

Start to work with local non-profit agencies in preparing and submitting applications for Federal Transitional Housing funds from time to time as these funds become available.

Start to consider the use of CDBG funds in support of transitional housing facilities and services.

Continue to pursue the feasibility of disposing of existing City-owned foreclosed residential properties to qualified non-profit agencies for the purpose of operating transitional housing programs.

Continue to seek funding and project sponsors for the development of or rehabilitation of existing structures at single-room occupancy hotel projects specifically designed to serve the needs of individuals coming out of the shelter facilities as interim transitional housing units.

5-Year Results: Over the course of the next five years, the City intends to achieve positive results in pursuing the above-described programs as evidenced by developing approximately one transitional housing facility (20 units) each year for a total of 5 new transitional housing projects totaling 100 units.

3. Increase Delivery of Support Services to the Homeless

Priority Level: 2 (See Table 3)

Rationale: Current levels of funding available from local sources, both public and private, and State and Federal sources, including Emergency Shelter Grants, and the support of Housing Demonstration Program are not anticipated to adequately meet the needs of the growing homeless population within the City. In order to meet the needs of individual families with children and other individual populations of homeless, additional assistance will be needed to support existing and contemplative emergency shelters and providers of related support services, including staffing and personnel needs. It is also anticipated that the City may need to seek funds to support innovative programs, including necessary support services currently being

developed for placing homeless individuals and families with children in long term housing. One commenter on the draft CHAS urged that support services to the homeless be assigned first priority for Home funding. Another was concerned about the fiscal impact of such a priority given the City's budgetary constraints to support many needed programs.

Programs/Activities/Services:

Expand the capacity of the Stockton Shelter for the Homeless' Case Management Program, including those designed to provide referral assistance in areas of employment, housing, or other entitlement benefits.

Support the programs of the San Joaquin County Mental Health Services in providing on-the-street outreach programs as well as crisis intervention centers, emergency vouchers for life support activities and crisis housing for the homeless mentally ill.

Support San Joaquin County Substance Abuse Treatment Services which provides on-the-street outreach programs and counseling for older alcoholics, including services to residents throughout the County as well as those concentrated in the Stockton area. Other programs of this agency include a 90-day residential treatment center and acute alcohol detoxification program and a program for public inebriates.

Continue to support non-profit organizations such as the Red Cross, Emergency Food Bank and community churches involved in providing services to individuals and families in need of emergency housing, food and other needs on a limited basis.

Support the County in the implementation of its general relief program which provides financial support through direct payments to owners for housing space.

Support the County's Aid to Families of Dependent Children Program which provides temporary assistance to qualified homeless families in the form of vouchers or cash to assist them in their housing needs.

Continue to work on a general basis with local non-profit agencies which provide services to the homeless and to establish a referral network for emergency shelter and food and to participate in regular meetings of facility directors to assure better interagency communication.

Work to build a coalition of non-profit agencies that will develop new low income housing, including the continued support of the Affordable Housing Coalition.

5-Year Results: Over the course of the next five years, the City intends to increase by 10% per year the number of households and individuals who receive supportive services as described above.

F. PRIORITIES AND PROGRAMS FOR OTHER PERSONS WITH SPECIAL NEEDS

1. Provide Additional Housing Facilities for the Homeless, Handicapped, Elderly, Mentally Ill and Veterans

Priority Level: 1 and 2 (See Table 3)

Rationale: Continuing review indicates that there is currently sufficient permanent housing available for the handicapped and/or mentally ill homeless once they have been identified and brought into the health care system, except for AIDS patients. While funds are available under the Supportive Housing Demonstration Program for permanent housing for the homeless, additional funds may be required to assist in the acquisition of additional facilities for this population. Also, given the transitory nature of some operators and increasing stringent requirements for operators, as well as the locally increasing number of homeless, assistance may be necessary to provide technical support to operators of these facilities.

Programs/Activities/Services:

Continue to seek additional funds through the Supportive Housing Demonstration Program to provide additional facilities for this special needs group.

Continue to provide technical assistance where possible to owners and operators of these facilities to ensure that delivery of existing services are not curtailed.

Continue to support a referral network that links emergency shelters, the County Department of Aging, children and community services, the Veterans Service Office, community treatment services, and mental health outreach and crisis programs together for the purpose of serving the special needs of this population group.

Continue to use the resources and the local transient occupancy tax to provide limited funds to help support various social service organizations involved in providing services to the homeless, handicapped, mentally ill and veterans.

5-Year Results: Over the course of the next five years, the City intends to achieve positive results in addressing the needs of this special population group by increasing the number of clients served by 10% each year.

CHAS Table 3

Priorities for Assistance 5-Year Plan

JUN 15 1991

U.S. Department of Housing and Urban Development
Office of Community Planning and Development

Comprehensive Housing Affordability Strategy (CHAS)

Name of Jurisdiction(s) or Consortium:

CITY OF STOCKTON

Five Year Period: (enter fiscal yrs.)

FY: 1992 through FY: 1996

Activity	Elderly 1 & 2 Member Households (A)	Small Related (2 to 4) (B)	Renters		Existing Homeowners (E)	Owners First-Time Homebuyers		Homeless Persons (H)	Other Persons with Special Needs (I)
			Large Related (5 or more) (C)	All Other Households (D)		With Children (F)	All Others (G)		
Very Low-Income Persons	1. Moderate Rehabilitation / Acquisition	2	2	1	2	1	2	2	2
	2. New Construction, Substantial Rehabilitation, Related Infrastructure	2	1	1	2	1	2	3	1
	3. Rental Assistance	1	1	1	2				1
	4. Homebuyers Assistance								
	5. Support Facilities and Services	3	3	3	3	3	3	2	2
Other Low-Income Persons	6. Moderate Rehabilitation / Acquisition	2	2	1	2	1	2	3	2
	7. New Construction, Substantial Rehabilitation, Related Infrastructure	2	1	1	2	1	2	2	1
	8. Rental Assistance	2	2	2	2				1
	9. Homebuyers Assistance								
	10. Support Facilities and Services	3	3	3	3	3	3	2	2

PRIORITY INDEX

1 = High

2 = Medium

3 = Low

U.C. BERKELEY LIBRARIES



C124922629

